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South and East Asia Report

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ESCAP RESEARCH, TRAINING FUNCTIONS TAKEN OVER BY CENTER

Kuala Lumpur NEW STRAITS TIMES in English 17 Aug 81 p 18

[Article by Dilip Mukerjee]

[Text] THE Asian and Pacific Development Centre in Kuala Lumpur is now open for business with its formal inauguration due to take place today by Prime Minister Datuk Seri Dr Mahathir Mohamad. Its director, Mr Aftab Ahmad Khan, frankly acknowledges that he and his colleagues will have a tough time meeting the goals set out in the charter handed down to the centre by the Bangkok-based UN Economic and Social Commission for Asia and the Pacific. Starting with limited resources, he says the faculty will have to play it by ear.

The APDC incorporates four of Escap's phased-out regional research and training institutions — the Development Institute in Bangkok which concerned itself primarily with inculcating a development perspective appropriate to the changing needs of the region; the Social Welfare Centre in Manila concerned with human parameters, the Centre for Women and Development in Bangkok, and the Development Administration Centre in Kuala Lumpur.

The reason for merging the four into a single institution is the realisation that "existing development theories have proven to be inadequate in dealing with a range of development problems" of a region as varied as the Asia Pacific — from Iran in the west to South Korea in the east and to small, newly-independent island mini-states of the South Pacific.

Offshoot

As Mr Soedjatmoko, rector of the UN University in Tokyo, says in a report outlining the perspectives the combined centre should keep in mind "there are no established techniques or methodologies" in the frontier areas of development thinking. As he says, "these are the areas where the APDC should be."

For Mr Khan until recently a Pakistani civil servant who was heading the country's Ministry of Economic Affairs, this is a daunting challenge because of the region's variety in ideology (as between socialist Vietnam and free-wheeling Malaysia), in levels of development (as among Japan, Singapore with a per capita income of over US$11,000 and land-locked and least developed Bhutan), and in size of economies (as between India with 640 million people and Kiribati — formerly Ellice Island — with only about 60,000).

The APDC which starts as an offshoot of Escap is required in three years to become an autonomous institution funded voluntarily by governments. In other words, it has to prove itself to be deserving of their support by showing that it has something unique to offer in return by way of policy research and training that they cannot get from national institutions or other international ones.

Mr Khan starts with a pledge of around US$3 million a year for three years to cover overheads and programme costs. The UNDP is the main contributor while the host, Malaysia, is providing a fine, new building and helping with local costs. Governments of the region will, it is hoped, contribute towards programmes of interest to them.

The faculty of eight, drawn from six countries, includes economists, sociologists and administrators. It will get additions as research and training programmes get going, but Mr Khan is not in a hurry. He wants to draw upon national institutions for help in the initial period and looks forward to promoting continuing exchanges with them even when the centre gets into its stride.

What are his priorities? There are helpful pointers from the Soedjatmoko report but he feels he has to be flexible to accommodate "felt" needs of governments as they emerge, taking into account also the strengths and limitations of his faculty.

Five areas

But broadly speaking, there are five areas in which he would like to focus the research effort. These are:

● Access of the poor and the handicapped to the fruits of development and to the decision-making process underlying national development plans. This would, as a corollary, require particular attention to rural employment because gainful employment has to be the starting point of social equity. But make-work programmes cannot be sustained for long by strapped developing countries, and employment must therefore contribute to growth. Another corollary is the impact of development on the environment, with Mr Khan firmly convinced that poverty is the biggest single cause of environmental degradation in the region.

● In a world caught in an energy crisis, the Asia-Pacific region must find solutions to meet its diverse circumstances. Mr Khan hopes to make the APDC a catalyst for transforming ideas into concrete plans.

● With grave food shortages looming ahead of the world, he hopes the APDC will serve as a clearing house for ideas on food security and crisis management. He feels exchange via his centre of national experiences and perceptions will be particularly useful, particularly if it brings into focus the specific problems which require study and research.

● The role of women in development is an issue to which the APDC is required to give specific attention by its charter; and the faculty includes Miss D'Silva, a Sri Lankan with both relevant experience and commitment to the cause.

● In all of these fields, the APDC as a regional institution feels it has a particular responsibility for promoting economic and technical cooperation among developing countries in its membership.

CSO: 4220/501

KUALA LUMPUR, JAKARTA SEEKING $850 MILLION IN LOANS

Kuala Lumpur BUSINESS TIMES in English 18 Aug 81 p 1

[Article by Alvin Tay in Singapore]

[Text]

MALAYSIA and Indonesia will be raising more than US$850 million through two separate syndicated loans to finance their development projects.

The two jumbo loans are expected to be syndicated later this year. This will be the second time this year that the two Asean countries are tapping the international capital market for funds.

Malaysia is expected to raise at least US$450 million, the same amount as its earlier borrowing in April this year. There are indications, however, that the country may increase its borrowing to between US$300 million and US$1 billion, if the response and the terms offered are favourable. This will be a new high in Asia, erasing the recent US$700 million record loan raised by Korea Exchange Bank last month.

Several Singapore-based banks have already been sounded out verbally by the Malaysian authorities. Many of them have formed teams, each comprising five banks to bid for the lead management position.

Malaysia is considered to be the best risk in Asia. The government is likely to take advantage of the exceptionally low spreads it is currently enjoying to borrow what it needs for its fourth five-year plan (1981-85).

Under this plan, the government has to finance an overall deficit of M$21.9 billion for the development programme, of which M$4 billion will have to be covered by borrowings abroad.

Indonesia, on the other hand, is expected to raise a total of US$400 million for general development purposes.

Both countries are seeking to improve on the terms obtained for their previous loans this year. In January, this year, Indonesia raised US$400 million carrying a maturity of 10 years and a spread of ½ per cent above Libor for the first five years and ⅝ per cent for the remaining five years.

In April, Malaysia raised US$450 million. The first tranche of US$300 million carried a spread of ⅝ per cent plus Libor for the first five years and ½ per cent for the remaining five years. The second tranche worth US$150 million was a tax-spared loan carrying a fine spread of 1/32 per cent.

Bankers said both countries will be able to get better terms this time because of increasing competition among banks.

Indonesia is likely to get a split rate of ⅝ per cent for the first six years and ½ per cent for the remaining four years. Malaysia should have no problem getting a fine spread of ⅝ per cent plus Libor throughout the 10 years, with management fee expected to be ¾ per cent.

Bankers said both countries are equally well-endowed with natural resources. The only difference, however, is that Malaysia is a smaller borrower than Indonesia.

Bankers, however, do not rule out the possibility of Indonesia getting a spread of ⅝ per cent throughout and maybe a maturity of 12 years, and Malaysia getting a record low spread of ½ per cent for the first few years.

Bank Indonesia is expected to tap the market again on behalf of Indonesia. For the Malaysian loan, Bank Bumiputra is likely to be among the lead managers again, although bankers said Malayan Banking is also bidding for the prestigious position.

CSO: 4220/501

ASEAN SECRETARIAT BUILDING SYMBOL OF REGIONAL UNITY

Kuala Lumpur BUSINESS TIMES in English 20 Aug 81 p 6

[Article by Warief Djajanto in Jakarta]

[Excerpts]

A GLEAMING white structure, facing a busy intersection at the South Jakarta suburb of Kebayoran Baru, stands as an imposing monument to regional unity and cooperation.

This is the Asean Secretariat building, a seven-storey edifice that was inaugurated last May 9. So far, only four floors are used, leaving three unoccupied.

The US$9 million building (paid for by the Indonesian government) occupies a 13,815 square-metre corner land facing a busy intersection. The noise of the traffic, however, is shut out by soundproofing the building.

Visitors entering the spacious lobby first see a massive chandelier. To the right of the circular information desk at the lobby's centre is a giant, red wooden Garuda, a mythological eagle from Indonesian folklore representing great courage, faithfulness and honour. It is a gift of President and Mrs Suharto.

Elsewhere, two conference rooms, a Press room, a hall for exhibitions, seminars and receptions are found on the groundfloor.

Two escalators bring visitors to the mezzanine that overlooks the lobby. Along its corridors are three other gifts from Asean member nations.

The main conference hall with 150 seats is in the mezzanine. The Asean emblem, a bundle of brown rice stalks symbolising the members' solidarity and commitment, overlooks the hall.

An overhead visitors gallery, however, does not provide a look of the conference area because the solid wood railing blocks the view of the sitting visitor, even if the seats are elevated on three levels.

The first floor above the mezzanine holds the well-furnished offices of the Asean secretary-general and bureau directors. A library and dining hall and other staff offices are found on the second and third floors.

On the top seventh floor are six penthouse suites. One is reserved for the secretary-general and the others for each of the heads of ministerial delegations attending a meeting.

At present, the Asean secretary-general is supported by seven Asean nationals seconded by their governments for a three-year term each. There are three bureau directors for economic, science and technology, and social and cultural affairs. In addition, there are a foreign trade and economic relations officer, an administrative officer, a public information officer and an assistant to the secretary general.

A locally recruited staff of 30 appointed by the secretary-general give secretarial support. In 1980, the Asean Secretariat had a budget of US$635,000. The amount will increase this year following the transfer to the new building.

The still vacant fourth, fifth and sixth floors are being considered for use by various Asean bodies. The Asean Population Coordinating Unit in Manila and some affiliated groups in the private sector have made requests to be relocated in the Secretariat building.

"We have to lay down guidelines with the Indonesian government to determine who can be accommodated and who cannot," says the Philippine Narciso G. Reyes, the incumbent secretary general. Ambassador Reyes is the third secretary general since the establishment of the Secretariat in 1976.

Having a multitude of bodies under one roof, however, would not mean a centralisation of the regional association. Neither would it lead to a disbanding of the national secretariats which were set up in the capitals of the five member states when they founded Asean in Bangkok on Aug. 8, 1967.

"The central feature of Asean as a decentralised organisation will be maintained," says Ambassador Reyes, a former editor of Manila's Evening News.

The annual foreign ministers' meeting will continue to move from capital to capital as well as other ministerial conferences. The permanent committees that cover specific areas of activity will still be located in the various capitals.

Because Asean is decentralised, the national secretariats for their part continue to play an important role. The Secretariat coordinates at the Asean level while the national secretariats coordinate at the national level.

Secretariat officers attend all major Asean meetings. The secretary general sits in all standing committee meetings every two months and ministerial meetings. It is in the hands of the ministers, though, where much of the day-to-day powers lie.

With the number of Asean meetings averaging three a week, the Secretariat officers may spend half their time away from Jakarta.

The secretary-general believes that the number of meetings should be reduced. He admits, however, this is difficult because of the nature of Asean where decisions are reached by consensus. — Depthnews Asia

GOVERNMENT WILL TRY TO OPEN DIALOGUE WITH CHITTAGONG REBELS

Kuala Lumpur BUSINESS TIMES in English 11 Aug 81 p 6

[Article by Alamgir Hossain in Dacca]

[Excerpts] THE 10-year-old rebellion in the Chittagong Hill Tracts is turning from bad to worse and apprehensive government officials are desperately trying to find a way out of the political quagmire.

The latest government peace effort is being carried out by a parliamentary committee created to look into the festering grievances of the tribesmen and to propose ways and means of effective redress.

The special panel, which started working during the first week of March, will establish contacts with the rebellious tribal groups in a bid to open a meaningful dialogue with them.

The immediate cause of the uprising can easily be traced: About 15 years ago, when this country was still East Pakistan, the government forcibly evicted some 10,000 tribal people from their ancestral lands in the Chittagong Hill Tracts.

The decision was made to give way to the construction of the Karnafuly Dam. Although the tribesmen were compensated in varying amounts for their lands and properties and resettled elsewhere, the eviction triggered widespread resentment and unrest among those affected.

Large-scale violence did not immediately take place, but it was clear from the start that trouble was ominously brewing. Then about 10 years ago, the tribesmen's anger erupted into open insurrection as they demanded independence from Bangladesh.

During the last 10 years, at least 500 soldiers have died in ambuscades staged by the *Shanti Bahini* (Peace Force), the armed guerilla force of the insurgents.

"Guerilla country" is all of 5,093 square miles of hilly, rough terrain, a natural haven for the expert tribal warriors. The *Shanti Bahini* has about 2,000 fully armed men. Its leader is Manabendra Narayan Larma, a former Member of Parliament and a Chakma leader.

In the early stages of the conflict, the militant tribesmen composed of Chakma, Marma and Tripuras only demanded autonomy. Now they said nothing short of independence for the Chittagong Hill Tracts would satisfy them.

Their objective is to create a tribal nation to be called Chamatri composed of the Chakma (Cha), the Marma (Ma) and the Tripuras (Tri).

Under this plan, the new nation would have a blue national flag with three stars, symbolising the three major tribes of the 13 tribes in the Hill Tracts.

But even among the Hill Tracts people, disagreement over the independence movement has not been fully resolved.

While the Chamatri proposal has gained ground in the northern region, support for it in the south is flagging.

Back in 1969, Hill Tracts students formed an association called *Pahari Chatra Samity* (Hill Tracts Students Association), which formed the nucleus of the independence movement. Its leader was M.N. Larma.

In 1972, after the independence of Bangladesh, the association presented to the new government the following four-point demand:

- The Chittagong Hill Tracts should be made an autonomous state with its own legislative council.
- The Constitution should retain the CHT (Chittagong Hill Tracts) Regulation of 1900.
- The Constitution should guarantee that the regulation should not be amended.
- Non-tribal settlers should be discouraged from settling in the Hill Tracts in accordance with the regulation of 1900.

The proposal was first formally presented by the left-leaning political party *Parbatiya Chattagram Janasangati Samity* (Chittagong Hill Tracts People's Solidarity Association) in early 1973.

The party is headed by M.N. Larma, a law graduate and a declared Maoist. At one time, Mr Larma threatened the late Sheikh Mujibur Rahman with bodily harm if his demands were not granted.

After the introduction of the one-party system in Bangladesh in 1975, Mr Larma was forced to join the ruling party, BKSAL. He was urged to forget all about his autonomy demands and instead accept the post of state minister.

Although Sheikh Mujibur Rahman adopted some of Mr Larma's proposals in the BKSAL programme, Larma was not convinced by the Mujib's sincerity. The tenuous honeymoon ended a few months later when Mr Larma, then 36, quit Parliament, went into hiding and organised the autonomy-turned-independence movement.

Until now, Mr Larma's four-point demand is in limbo. The feudal system of revenue collection and administration by the three tribal chiefs, the *Chakma Raja* (King), the *Bhuniong Raja* and the *Marma Raja* is the rule of the Hill Tracts.

The three so-called circle chiefs' control over their respective areas have been considerably reduced since the *Shanti Bahini's* campaign to restrain the tribals from paying their taxes.

Mr Larma is now reportedly hiding in the Kassalong Forest Reserve, his movement bankrolled by logistical support from the Arakan Communist Party and the Burmese Communist Party.

But while the leftist movement has failed to realise most of its aims, it remains a thorn on the side of the government that cannot be ignored. — Depthnews Asia

CSO: 4220/502

BOLD POLITICAL MOVES HAVE RALLIED POPULAR SUPPORT TO NE WIN

Kuala Lumpur BUSINESS TIMES in English 10 Aug 81 p 6

[Article by Zaw Win in Rangoon]

[Text]

BURMA'S President Ne Win has tightened his hold on the ruling Burma Socialist Programme Party (BSPP).

In 1962, as the army's chief-of-staff, he toppled the elected Prime Minister, U Nu, in a coup and two years later formed the party, after abolishing all other political parties, to consolidate his power.

Even Ne Win's harshest critics concede that he towers above the ruling party which held its fourth congress this week.

The tough and politically astute president, now 71, has achieved this through a series of bold political moves which seem to have rallied popular support behind him and his party.

In May 1980, the president proclaimed an amnesty for those political foes and rebels who gave themselves up within three months.

Officials said 2,186 communist non-communist and ethnic rebels responded to a free pardon promised by the amnesty and surrendered.

The government also opened the doors of Burma's crowded jails and freed political detainees and common criminals under the amnesty.

In another surprise move, U Ne Win sent a personal message to U Nu living in exile in India after leading an unsuccessful resistance movement abroad, inviting him to return home.

The Burmese leader said the invitation was in recognition of U Nu's leading and distinguished role in the struggle for Burma's independence from British rule.

U Nu returned in August last year after 11 years and now lives quietly in a Rangoon suburb devoting his time to the promotion of Buddhism, a lifelong vocation.

President Ne Win followed this up by winning over hundreds of other people once prominent in the independence struggle with official recognition of their role and cash awards.

Ne Win disclosed that the government held secret peace talks with the BCP late last year, which broke down over communist insistence on continuing to exist as a separate political party with its own armed forces and territory near the Chinese border.

The central committee of the BSPP, in a report to the congress, said the scale of insurgency in the country had been reduced and that rebel groups had been pushed to remote border areas.

But the report added that the rebels found sanctuary in neighbouring countries, from where they launch guerilla activities.

The report, which does not name these countries, stresses the need to strengthen border security particularly because of what it called the policy of interference by big powers.

President Ne Win has made clear he believes in shoring up Burma's defence by keeping the 178,000-strong standing army fighting fit and with mass participation in national defence.

However, the army remains a volunteer force and no time table has been fixed for introducing compulsory military service.

The BSPP says it will combine vigilance in defence with the pursuit of an independent and active foreign policy of friendship with all Burma's neighbours.

The party cites the peaceful resolution of a border dispute with Bangladesh as evidence of its policy of goodwill and friendship towards its neighbours.

When nearly 200,000 Muslims fled in 1978 from Burma's Arakan state into neighbouring Bangladesh with tales of Burmese oppression and their flight became an international issue, Ne Win agreed to repatriate all of them.

But Burma and Bangladesh subsequently tightened their border security to prevent the recurrence of such an incident. — Reuter

CSO: 4220/503

DECISION TO IMPORT WHEAT, OTHER COMMODITIES CRITICIZED

Kuala Lumpur BUSINESS TIMES in English 11 Aug 81 p 6

[Article by Sumanta Banerjee in New Delhi]

[Text] AFTER a lapse of four years, India is again going for large-scale food imports. Among the major commodities to be imported is wheat of which 1.5 million tons worth US$300 million have been ordered from the US.

But unlike in the past when India was forced to buy wheat from abroad because of scarcity of food grains at home, this time the import is being made in the midst of a bumper crop. Food grains production has reached a record 133 million tons, of which wheat production has totalled 36 million tons.

Why then is India importing wheat and at a price higher than what the government is paying to local farmers?

Justifying her action, Prime Minister Indira Gandhi told a recent Press conference in New Delhi: "This decision was taken to avoid any sharp increase in food grains prices, and as an instrument of control of the economy."

But there is a story behind the Prime Minister's claim. It is a story of the government's failure to pool a substantial part of this year's bumper crop from big farmers who are still hoarding the stock. As a result, the public distribution system through which the government sells wheat at a cheaper rate to the consumers is drying up.

On the other hand, the big farmers and traders are taking advantage of the scarcity in the market. They are increasing the price of wheat that they are gradually now releasing in the open market. Unable to get cheap wheat from the government's fair price shops, the consumers are being forced to buy wheat at a higher price from private traders.

The government fixed a target for procuring wheat at 9.5 million tons but until now the figure is only 6.4 million tons. The main reason for the tardy progress is the farmers' refusal to sell to the government at a fixed price of about US$16 per quintal. They are demanding US$18.

Curiously enough, the government will have to pay US$17 per quintal for the American wheat and another US$13 for freight and other expenses. Thus it will spend more than it would have if it agreed to the higher prices demanded by the farmers.

Opposition parties have reacted sharply to the government's decision and the whole affair is fast becoming a political issue.

Former Foreign Minister Atal Behari Vajpayee called the decision "a national disgrace, an economic disaster and a classic example of covering administrative non-performance by squandering public money."

Leftist politicians have also accused Mrs Gandhi of succumbing to the pressures of the big farmers who, they allege, have been allowed to reap profits while the government is compelled to spend previous foreign exchange to run the public distribution system.

In fact, the decision to import could not have come at a more inopportune moment. India's foreign exchange reserves are fast dwindling, at the rate of about US$130 million a month. Because of higher prices of imported crude, petroleum products and fertilisers, India's import bill has gone up to US$13,000 million, while exports have lagged far behind with US$8,300 million.

It is not only on the question of wheat, but also that of other food commodities that the government is going back on its earlier decision to reduce imports. After petroleum, fertilisers and machinery, animal and vegetable oils and fats are the next most expensive import items.

The government had earlier decided to reduce importation of edible oil. But it is now going to import 500,000 tons in addition to what has already been imported. Ironically, the decision came in the wake of increased production of oilseeds this year — 25 per cent higher than last year's.

Yet, the prices of edible oil have gone up, adding to the worries of the man-in-the-street. According to the opposition, this again shows the government's inability to prevent unscrupulous traders from making profits at the expense of the consumers.

It is the same with sugar, another essential commodity. Although production this year has gone up by 1.6 million tons from last year's, sometimes sugar is not available in the market.

Unable to keep a check on the traders, the government is again resorting to the shortest, yet more expensive, course of imports. Mrs Gandhi told the Delhi Press conference: "To keep complete control over sugar prices, we are importing a substantial quantity which will arrive in the next few months."

This sudden splurge in spending foreign exchange to buy food from abroad is raising eyebrows in many quarters. Many wonder whether India is going back to the old days when its image abroad was one of "a nation with a begging bowl."

And it is coming at a time when India has acquired the reputation of fast becoming the "bread basket" of South Asia due to its impressive increase in food grains production. In fact, the country recently exported a substantial quantity of rice to the Soviet Union in exchange for oil.

Despite such success, it appears that the government has miserably failed to provide its people with cheap food grains. About 50 per cent of the population live below the poverty line. In other words, they cannot buy the minimum quota of calories (2,400 in the rural areas, and 2,100 in the cities) fixed for the barest nutritious diet.

Critics point out that Mrs Gandhi's ruling party seems unwilling to go against unscrupulous farmers and traders because of the big political clout that they wield. — Depthnews Asia

CSO: 4220/504

REPORT ON MIDDLE EAST TRADE

Jakarta KOMPAS in Indonesian 8 Jul 81 pp 1, 12

[Excerpts] Exports of Indonesian industrial products to countries in the Middle East have fallen off sharply. For example, iron reinforcing bars, which in 1979 had just begun to be exported to the Middle East and had eventually reach 13 percent of Indonesia's total exports to that region, were not exported at all in 1980.

Dr Zainul Yasni, head of the Middle East Export Activity Coordination Team, said to KOMPAS on Tuesday it is true that requests for a lot of different Indonesian commodities have risen constantly. The coordination team itself has tried to stimulate non-oil exports to the Middle East, including manpower and the construction services.

But, he said, there are commodities that obviously are now finding excellent markets within Indonesia itself. For instance, even though there are requests from abroad for iron reinforcing bars, the bars are not exported. Domestic markets are more attractive.

Overall Indonesian trade with the Middle East has fallen off. In 1978 total exports amounted to $104,670,637, but in 1980 only $79 million was realized. Export of coconut oil plunged, as another example. Coconut oil constituted 65.7 percent of all exports to the Middle East for 1978. That figure dropped to 28.6 percent in 1980.

Now there is a regular Indonesia-Middle East shipping service managed by Indomels (Indonesia Middle East Liner Service). Three Indonesian shipping companies affiliated with Indomels are Djakarka Lloyd, Admiral Lines and Gesury Lloyd. Because of Indomels, Indonesian businesses are now actively shipping non-oil exports to the Middle East.

Import goods are also carried by the vessels on the return trip from the region. Rock phosphate (18,500 tons) has been shipped from Jordan and Egypt. The mineral is used in Gresik's petrochemical plant and in North Sumatra plantations.

Yasni said that recently there has been an exciting new development in trade with the member states of the United Arab Emirates. Many exports to Dubai are later sent on to Iran, Qatar and Kuwait. Coffee is now being pushed for export to Middle Eastern countries because those nations are not a part of the Kouta [translation unknown] state group.

Indonesia has been quite capable of supplying basic commodities, partially finished goods and even ready-made industrial products needed by Egypt. These do not include the usual export commodities such as tea, coffee, rubber, peppers, coconut oil, rattan, ready-made clothing and a number of products needed in construction such as cement and wood products. On the other hand Indonesia can use a number of Egyptian commodities like rock phosphate, cotton and wheat. Prospects are good, therefore, for agreements between Indonesia and the Middle Eastern countries.

Furthermore, Yasni said that there are times now when Indonesia becomes the main contractor in handling Middle East projects; until now Indonesia has always been sub-contractor. "Once only active in Saudi Arabia, Indonesia now finds contracts in Iraq as well," said Yasni.

Several current projects in which Indonesia has become the main contractor in Saudi Arabia are the KAMA II project (King Abdul Aziz Military Academy) at $205 million and construction of the naval base in Al-Jubaul at $31 million and the air base at Khamis Mushayt.

Past and current projects have amounted to $620 altogether. [sic] That figure represents the hard work of the construction services on projects Indonesia acquired from the time the Middle East team was set up in 1978 till now.

Yasni said there is an Indonesian labor force of 23,000 that has traveled to the Middle East under official channels (permission of the Indonesian Government). Those persons who have already worked in the Middle East and have since returned number 11,000, making a grand total of 34,000 workers.

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CSO: 4213/90

REPORT ON COMMERCIAL PILOT TRAINING AT CURUG

Jakarta KOMPAS in Indonesian 19 Jun 81 p 2

[Text] R. Soekardjono, head of the Center for Education and Training of the Department of Communications Thrusday morning instated 20 new pilots who had graduated from PLP (Flight Education and Training) Curug, Tangerang. Of the 20 new graduates, 17 have been accepted by Garuda Indonesia Airways, 2 by Pelita Air Service and 1 by Rouraq.

With the graduation of the 30th class of new pilots, there are now 5,968 PLP alumni altogether. They consist of 2,352 graduates of Air Traffic Safety Training, 1,987 graduates of Technical Flight Training, 796 graduates of Pilot Training and 833 graduates of Support Training. Currently there are 569 pilot trainees.

PLP Head Siswowiratmo, in his report to the director general of Air Communications, Sugiri, said that initially 35 students entered the 30th training class on 1 November 1979. Early in their training the pilot candidates participated in the "Jativani" program (volunteer work, crafts and sports) for 7 days and underwent a matriculation period of 3½ months. During that time two candidates dropped out.

On 1 March 1980 the candidates began their ground school training. Then flight training began 1 April 1980. At that time there were 33 candidates. Of that number, 12 did not pass the aptitude test and the solo flight test; another person did not pass the PPL [expansion unknown] flight check. Of those candidates who participated in the program, therefore, there were only 20 left who had passed.

In response to a KOMPAS reporter's question at a press conference, Director General Sugiri said that it would be impossible for Indonesia to have an excess of pilots for the next 50 years. There are not enough pilots now to meet demands.

According to Sugiri, each year Indonesia needs an 18 percent increase in its pilot force. To fulfill that requirement, the only hope lies with the graduates of PLP Curug.

Answering a question about flight training by private firms (e.g. PT Deraya), Sugiri said that generally those organizations have produced pilots for stunt flying whereas graduates of PLP Curug have become commercial pilots.

Sugiri said the government spends 9,375,000 rupiahs to train each pilot. Upon graduation a pilot will have recorded 240 flying hours.

The trouble is that at LPU Curug [expansion unknown] at the most no more than 6 percent pass the entrance exams. Generally those who fail fall down in the health test. "Perhaps because they smoke too much, keep late hours, wander about and so forth," said Sugiri.

During the 1980-81 academic year, of the 222 applicants, only 74 passed the entrance exam. For 1981-82 only 13 passed out of 174. "We are forced to lower our standards in order to reach the goal we have set," he said.

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LOCAL SHIPYARDS SEEK GREATER SHARE OF GOVERNMENT ORDERS

Kuala Lumpur BUSINESS TIMES in English 10 Aug 81 p 7

[Text]

THE Indonesian government has been urged to entrust the building of new ships measuring up to 5,000 deadweight tons to Indonesian shipyards.

Indonesian Ship and Dockyards Association (Iperindo) chairman Sularto Hadisumarto made the proposal in Jakarta on the ground that Indonesian dockyards, with a present total annual production capacity of 1.8 million tons, have been working grossly under capacity, with their production last year totalling (mostly in repairs) 1.15 million tons.

He called attention to the government's plan to acquire 200 ships for domestic use in the next fiscal year (1982-1983). As far as possible, these ships should be ordered from national yards, he said.

He listed the country's ship and dockyard facilities as 14 floating docks (up to a total 84,800 ton capacity), 12 graving docks (18,550 tons), and 102 slipways (33,900 tons).

He blamed the much-complained-about slow work of domestic yards primarily on difficult access to spare parts. To solve the problem, he called for allowing Iperindo members to import their requirements instead of having to depend for supplies on the foreign manufacturers' agents.

Meanwhile, the Indonesian government has decided to commission the building of two new modern passenger ships by foreign shipyards soon, Minister of Communications Rusmin Nuryadin announced.

The money has been set aside for the purpose, but no decision has yet been made to have them built in Europe or Japan, he added.

After placing of orders, the ships should be ready for delivery and operation in the country within 18 months to replace the *Tampomas II*, which sank in the Java Sea on Jan 27, and meet growing sea passenger transportation demand, he said.

The minister added that the government had decided not to buy second-hand passenger ships any more in the wake of the public furore caused over the sinking of the *Tampomas II*, the former Japanese *Great Emerald*, with a loss of 666 lives. — AFP

CSO: 4220/505

LOG EXPORTS CUT IN DRIVE TO BECOME TOP EXPORTER OF PLYWOOD

Kuala Lumpur BUSINESS TIMES in English 19 Aug 81 p 6

[Article by Richard Cowper in Jakarta]

[Excerpts]

FOR over half a decade Indonesia has been the largest supplier of raw materials for Asia's plywood industry, which since 1968 has accounted for more than half of world plywood exports.

Now in a dramatic bid to capture for itself an important share of the world plywood market and oust South Korea and Taiwan from their position as the world's leading exporters, Indonesia is slashing its exports of logs by two-thirds and planning to spend around US$1 billion to build up its plywood industry.

Two years ago Indonesia exported over 18 million cubic metres of South Sea logs, around 50 per cent of world tropical hardwood supply, but a series of new government regulations, ultimately designed to stop log exports altogether are expected to reduce this to less than 6 million cubic metres this year.

The new regulations have brought howls of protest from exporters and importers alike, but to no avail. Indonesia, which last year exported a mere 250,000 cubic metres of plywood, is sticking to its guns and aims to become the world's leading exporter of plywood by 1982 when it plans to be selling around 1.6 million cubic metres on the world market.

Last year the government issued a decree that all timber concessionaires who had been operating for seven years or more should in future sell or process domestically 60 per cent of their log output before they would be allowed to earn an export licence for the remaining 40 per cent.

Many of Indonesia's 500 concessionaires rushed to the Indonesian Investment Board with applications to build plywood factories and sawmills while, according to the government, 99 of the smaller concessions ceased operations altogether. Indonesian log exports fell dramatically to around 13 million cubic metres — down 27 per cent from 18 million in 1979.

In May this year the government pushed the knife in even further when it decreed that any concession holder who had not already installed or obtained a licence to set up a plywood mill and one other processing plant would not be allowed to export logs at all.

Last year Indonesia exported an estimated 1.3 million cubic metres of sawn timber and 283,000 cubic metres of plywood and veneer. This year the government says it aims to export 2 million cubic metres of sawn timber and 800,000 cubic metres of plywood (these targets are considerably above those likely to be realised). By 1984 the government expects Indonesia to be exporting around 3 million cubic metres of sawn timber and 3.0 million cubic metres of plywood. Many believe that by 1984 all of Indonesia's log production will be processed domestically.

Indonesia currently has over 30 plywood plants with an effective production capacity of 1.5 million cubic metres in operation and 16 under construction. Over the next four years it plans to build 60 more with the ultimate goal of around 100 with a total capacity of around 7 million to 8 million cubic metres. The total investment needed is estimated at over US$1 billion.

Many argue that Indonesia's headlong rush into the wood processing industry is fraught with dangers, at least in the initial years. The government's targets, they say, are bound to create enormous teething problems.

The country's withdrawal of log exports from the world market has already begun to re-shape Asia's multi-billion dollar timber trade, and most industry experts agree that, for plywood at least, the question is not so much whether Indonesia will become the world's top exporter, but when. — PT

CSO: 4220/505

LARGE-SCALE PROJECT UNDERWAY TO INCREASE SUGAR PRODUCTION

Kuala Lumpur BUSINESS TIMES in English 12 Aug 81 p 6

[Article by Warief Djajanto in Jakarta]

[Excerpt]

TEA is not tea to many Indonesians unless it has plenty of sugar; so is coffee not coffee without a couple of spoonfuls of that fine, white sweetener.

The result is that this country of 147 million people has been consuming more sugar than it can produce. Last year, the nation's sugar production was about 1.6 million tons. But consumption was nearly two million tons, resulting in the importation of about 250,000 tons.

To meet the ever-increasing craving for sugar, which is rising at 5.8 per cent on the average yearly, Indonesia has embarked on an ambitious sugar production scheme projected to achieve self-sufficiency — and a surplus to boot — by 1988.

Says Agriculture Minister Sudarsono Hadisapoetro in an interview with *DeptNews:* "The success of this effort depends on how rapid we can rehabilitate sugar mills and build new ones and in expanding enough new land for more sugarcane planting."

Rehabilitation means overhauling existing sugar mills and, in some cases, completely scrapping them for new ones. Of the more than 24 sugar mills now in operation but needing major overhaul this year, a large number date back to the Dutch colonial period. Rehabilitation work on them has already started in earnest.

According to Mr Hadisapoetro, the plan calls for a further 43 mills to be overhauled in 1982. The improved mills will have support from new plants now also being built, six to be operational before the year is over and 18 in 1982.

By the time these sugar centrals are in full blast operation, which the Agriculture Minister said will be seven years from now, sugar output is expected to reach three million tons a year. By current trends, domestic consumption would be 2.8 million tons, leaving a surplus of 200,000 tons for export.

The plan has also introduced a new approach to the country's milling system. A number of the new plants to be set up will be mini-sugar mills.

About one-third of Indonesia's total sugar production is concentrated in smallholdings, many in remote areas.

Mini-sugar mills would be appropriate in these places not only because sugarcane can be delivered in more manageable quantities but also because the smaller plants would be just right for the available stock.

Like many estate crops, sugarcane is produced by three distinct groups. These are the smallholders, the state-owned estates and private plantations. A smallholder's plot is usually about one hectare in size and produces just enough for the family needs.

But because of their numerical strength, the smallholdings produce quite a large chunk of Indonesia's sugar output. The big state-owned plantations are the major producers, roughly two-thirds of the national total, while the private estates account for about a tenth of overall turnover.

The government has a production-boosting programme for smallholders called the TRI, which is some kind of a sugarcane production intensification project. It is located mainly in central and east Java.

Under this programme, farmers are given financial loans, technical guidance and incentives to improve yields and upgrade quality of their crops.

Distribution systems after production have also been improved and upgraded to minimise undue expenses. In east Java, for example, which produces 60 per cent of the nation's sugarcane, co-operatives are being strengthened as conduits for whatever materials the smallholders need to cultivate their crops and in the distribution of their harvest.

East Java Governor Soenandar Prijosoedarmo told *DeptNews:* "In this way, the work spirit of the smallholders would increase. Their productivity would rise and they would not be subjected to the whims of sugar factory operators and merchants."

Bulog, the national agency responsible for distributing staple foods throughout the country, has designated 997 model rural co-operatives (KUD) to act as distributors.

At present, there are 4,830 rural co-operatives with around 1,500 of them possessing model status. Distribution in the big cities, however, is handled by the bigger co-operatives (KSU) and the market co-operatives (Koperasi Pasar).

CSO: 4220/505

BAU-BAU OIL DEPOT OPENS, AVGAS DEPOTS PLANNED

Jakarta KOMPAS in Indonesian 16 Jun 81 p 2

[Excerpts] Minister of Internal Affairs Amirmachmud Monday presided over opening ceremonies at the Bau-Bau oil sub-station in the Buton district of Southeast Sulawesi. This is the second depot to have operations in Southeast Sulawesi; the Kendari depot was officially opened on 22 September 1980 by Dr J. B. Soemarlin, minister for administrative reform and vice chairman of the National Development Planning Board.

According to plans, 43 depots are to be constructed in all of East Indonesia. The Bau-Bau depot is the ninth to be built. Other depots already completed include those in Badas, Bima, Donggala, Poso, Luwuk, Waingapu, Kendari and Ternate. The total cost is expected to reach about 38.7 billion rupiahs and construction is to be finished in 1982.

In addition the government has set aside 3.9 billion rupiahs for development of 17 aviation gas depots to support exploration flights in the vicinity of the depots.

Ir R. D. Adisoemarto, director of Pertamina's [National Oil and Natural Gas Company] Donestic Supplies organization, reported that the Bau-Bau depot, built on 2 hectares of land, is equipped with 4 tanks, each with a capacity of 100 kl. A pier, able to accommodate ships of 1,000 dwt, was constructed at the site to support depot operations.

Adisoemarto said construction of the depot was based on market estimates that approximately 120 kl of gasoline, 360 kl of kerosene and 200 kl of diesel fuel were needed in the area each month. Before this depot was constructed, oil supplies were brought in by barge from Ujungpandang, among other places.

Meanwhile the governor of Southeast Sulawesi, Silondae, during his words of greeting at the Bau-Bau ceremony, once again asked (through Minister of Internal Affairs Amirmachmud) that the government immediately build the third and fourth depots this year in the Kolaka and Raha districts. He said he felt it was increasingly important for depots to be constructed at those sites in order to speed up development in the region. Silondae said further that he sees Raha's importance lying in its timber; Kolaka could become the gateway between South Sulawesi and Southeast Sulawesi through the ferry route.

Earlier, however, Amirmachmud had stated that the government had already provided significant support for the development effort in that area. For an example he compared the government's grant of only 10 billion rupiahs in 1981-82 to East Java (population about 30 million) to the 7.5 bil-ion rupiahs grant during the same period to Southeast Sulawesi (population of more than 1 million).

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SOEMITRO REPORTS ON DROP IN NON-OIL EXPORTS

Jakarta KOMPAS in Indonesian 23 Jun 81 pp 1, 12

[Excerpts] Indonesian non-oil and natural gas exports, like rubber, coffee, pepper, copra and palm oil were down 30 percent during the first 4 months of 1981, compared to the same period in 1980. Meanwhile the world economic recession is expected to continue through mid-1982. So stated Prof Dr Soemitro Djojohadikusumo to the press after being received by President Soeharto at the Merdeka palace Monday to convey his midyear evaluation of economic conditions.

According to Bank Indonesia's weekly report of 29 May 1981, rubber exports during the first 4 months of 1981 amounted to 237,800 tons valued at $264,076,000, compared to 344,700 tons at $403,182,000 during the same period in 1980. Coffee exports during the first 4 months of 1981 were 46,000 tons at $93,753,000, compared to 74,900 tons at $225,859,000 during the same period in 1980. In addition, pepper exports during the first 4 months of 1981 amounted to 7,100 tons at $11,492,000, compared to 7,300 tons at $13,896,000 during the same period in 1980.

Soemitro was asked, "Has the drop in Indonesian non-oil and natural gas exports been caused by the failure to heed your suggestion to diversify exports when you became trade minister?" The response of the former trade minister and former state minister of research: "Judge for yourself! Do you really think I should be the one to say so?"

When he was trade minister, Prof Soemitro once urged Indonesia to diversify Indonesia's agricultural exports. As a continuation of that concept, Presidential Executive Order No 26, 1971 was issued concerning the formation of the National Export Development Institute, which later (based on Presidential Executive Order No 44, 1974) was changed to the National Export Development Board. Its objective was to provide assistance and advice to the government in formulating and executing policy in the field of export development.

Soemitro confessed that some time ago he was still of the opinion that in 1981 Indonesia would no longer be under the influence of the world economic recession, "as if we here were always under God's protection." But he does not agree with other economic experts who feel the recession is going to end in the first part of mid-1981. In support of his position, Soemitro noted there are signs of the continuing effect of the recession on Indonesia, such as the drop in non-oil and natural gas exports.

U.S. inflation is the latest development that has demanded attention, Soemitro said. To fight inflation the United States no longer only regulates bank reserves; rather, now it frees reserves for borrowing at a high rate of interest. This high rate can lead to expensive investment borrowing, the end result being restrained economic activity in the U.S. itself, said Soemitro. He added that such restraint would have a great influence on the economies of many nations, including Europe. "And it will continue to affect the inflation rate everywhere," said the economist.

Other countries, which do not want to be left behind, are forced to raise interest rates. This is true in Europe where the state of the economy is not very satisfactory. There are still problems of unemployment in England and West Germany. The only nation not to be run down by inflation is France, but France is also confronted by the problem of available jobs. "All of this leads to an upheaval that can disturb the investment process everywhere," he said.

Soemitro admitted that the Japanese have invested the largest amount of money in Indonesia, about $3.3 billion. But, he said, we are now hoping for investment from other countries to strengthen our own base.

The problem now, he said, is to discover ways to deflate the effects of the world recession, especially in regions of production, in order to increase producers' purchasing power. To that end several large-scale projects in the outer provinces have been planned by the respective regional governments. The execution of the projects is to be expedited in order to stimulate job opportunities through contractors and sub-contractors. So said Prof Dr Soemitro Djojohadikusumo, among other things.

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RICE YIELDS REPORTED UP AGAIN, STORAGE BARNS ADDED

Jakarta KOMPAS in Indonesia 3 Jul 81 p 2

[Excerpts] Early predictions show Indonesian rice production for 1981 will reach 20.6 million tons, according to Bustanil Arifin, head of the Logistic Affairs Board and deputy minister for cooperatives. "After having accounted for seed, weight reduction and so forth," said Arifin at Bekasi, West Java Thursday, "I estimate that to be on the safe side we'll have to import 1.5 million tons of rice for our domestic reserves."

The imports are to be made in stages; at present they have reached 500,000 tons. But later predictions show rice production will reach 21,6 million tons or 1 million tons more than the earlier figures. "Unless there are presidential instructions to the contrary, there will be no further increases in rice imports for 1981," Arifin said.

Compared to production in earlier years, 1981 production estimates offered by the logistics chief indicate a leap forward. According to data from the Central Bureau of Statistics, 1980 rice production totaled 19,989,000 tons or rose 11.67 percent over 1979's figure. In 1979 there were reports going around that 1980 rice production would reach new record levels. But according to the latest predictions for 1981 of 21.6 million tons, Indonesia will chalk up yet another record in production.

Speaking at the opening ceremonies for a new rice barn, drying floor and kiosk of the KUD [Village Unit Cooperative] in Cibarusah, Bekasi, Arifin said that the 500,000 tons of rice that had been imported this year actually was prompted more from political considerations in the context of the traditional give and take and cooperation in ASEAN.

The 500,000 tons of "political" rice was obtained from Thailand (300,000 tons), Burma (150,000 tons) and Pakistan (50,000 tons). Arifin said imports from Pakistan have been made in an effort to maintain a balance of trade between the two nations, which till now has been profitable for Indonesia.

Arifin said that the president does want national reserves to reach 5 million tons. What needs to be done, then, is to increase production. But because support from secondary systems (such as storage facilities) is not yet evident, it will be rather difficult at this time to increase reserves to 5 million tons. "Our food stocks have already reached 2.2 million tons, and we're going crazy just trying to take care of it all to prevent spoiling," he said.

The minister said that from as early as 1974 it was felt Indonesia needed to build warehouses to store existing food reserves. The worldwide drought of 1972-73 struck Indonesia very hard. Obviously Indonesia did not have the reserves; there just weren't any storage facilities. As a result, warehouses of 1.1 million ton capacity were built to store products managed by the Logistics Board. In 1978 there was a need for additional storage space. And now the board is developing new warehouses with a capacity of about 1 million tons.

Also beginning in 1978, Arigin said, it was decided KUD storage barns needed to be built in rural areas. That decision was well-founded, as it turns out, because domestic food production has continued to rise while imports have continued to fall off. "It means the flow of rice has reversed, from the village to the city. What needs to be done, therefore, is to build receiving stations in the form of storage barns in the village areas," said Arifin.

KUD storage facilities currently under construction are financed through funds of the Government Capital Supplement (PMP). Funds for the project are channeled to KUD from the Department of Finance via the People's Bank of Indonesia. Drying floors and kiosks are constructed in addition to storage facilities in order to meet all of KUD's needs.

The first stage of the plan for 1981-82 is to erect 999 barns, drying floors and kiosks as one complete project. Those facilities are to be spread throughout West Java (244 units), Central Java (100 units), Yogyakarta (17 units), East Java (308 units), Bali (31 units), West Lesser Sundas (77 units), East Lesser Sundas (70 units) and South Sulawesi (142 units). In addition 4,000 fertilizer kiosks having a capacity of 30 tons will be built in Java, Bali, the Lesser Sundas and South Sulawesi.

On Thursday the logistics affairs minister had officially opened 11 model storage units, drying floors and kiosks which were located in the Bekasi district at 6 locations. The project's model units, which are to become the standard for the construction of the 999 barns, drying floors and kiosks, have a 100-ton storage capacity for rice and a 30-ton capacity for fertilizer and pesticides.

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BIOGRAPHIC INFORMATION ON INDONESIAN PERSONALITIES

[Unless otherwise noted, the following information on Indonesian personalities has been extracted from Indonesian language sources published in Jakarta.]

GENERAL YOGA SOEGOMO--(Note by the editor of HARIAN UMUM AB: On 29 June 1981, together with 31 other senior and middle grade Army officers, General Yoga Soegomo, chief of BAKIN [Indonesian Intelligence Coordinating Body], was retired from active duty. For about 35 years he followed a military career. During that time there were 4 experiences which made the greatest impression on him, as he told it to a reporter from HARIAN UMUM AB, whom he met at home and in his office. The article that appears below tells the story of the career of the four-star general who officially retired from the Army, effective 1 July 1981.)

Yoga Soegomo is from the Tegal area, having been born in Pemalang, Central Java. When he was a child, he always admired army uniforms. He never guessed that he would reach the top of the military career as a four-star general. His ambitions at that time did not go that far. The problem was that, at that time, those who were called "natives" by the Dutch colonialists were not permitted to become soldiers. However, history decided it differently. The young Yoga Soegomo was finally accepted for entry into the Military Academy in Japan in 1942, which turned out to be the beginning of his military career.

Yoga Soegomo was born on 12 May 1925, the eldest of four brothers. His father was a low-ranking employee in the railway service during the Dutch colonial period, working for the "Semarang-Juana Line" in Semarang. He is the grandson of the chief of Mengori village, in the Regency of Pemalang. Because he was the grandson of a village chief, he was eligible to attend school, beginning with the HIS and MULO schools [Dutch elementary and junior high schools for certain Indonesians] and concluding with the AMS [senior high school] in Semarang. As soon as he graduated from the AMS, his desire to begin military training grew steadily.

Travel to Japan

Clearly, his desire to begin his military training was not as easily achieved as he wished, when he graduated from the AMS school in 1942. By that time the Japanese were in control of Indonesia. For the Japanese themselves, entering their Military Academy is not an easy matter, particularly if they are not born into officers' families.

That is why young Yoga Soegomo, who at the time was 17 years old, although he wanted to enter the Military Academy, had to feel satisfied when it was decided to send him to Japan to attend the Agricultural Academy. In this way he left for Japan with the idea, after he arrived in the land of the rising sun, that he would try to transfer to the Military Academy, as he desired.

His fate was determined by destiny. Although young Yoga had left for Japan as a candidate for the Agricultural Academy, finally he was successful in being accepted at the Military Academy, after going through a rigid selection process. He only attended the Agricultural Academy for a few months before he transferred to the Japanese Military Academy, which he desired to attend so much. At the Japanese Military Academy he was assigned to the infantry section. Young Yoga succeeded in graduating from the academy with the rank of officer candidate [serma taruna]. At the Japanese Military Academy when a cadet graduated, he was not immediately given the rank of second lieutenant, as is the case in Indonesia. He had to have prior experience on the battle front for at least 6 months. It was only after he came back from the front, still alive, that he was given the rank of lieutenant as a platoon commander.

It turned out that 3 months after officer candidate Yoga graduated from the Military Academy Japan admitted defeat and surrendered. For that reason he had not yet had the opportunity to be sent to the battle front. He had just gone to work in the headquarters of General Macarthur when he was sent back to his country. When he worked in the headquarters of that general, he saw that the field of intelligence played an important role, and he began to wish to enter that field.

On his return to his country he immediately entered the TRI [Army of the Indonesian Republic, one of the predecessors of the present Indonesian Army] in the Central Java Division, led by the late Pak Susalit. Yoga Soegomo chose the intelligence branch.

This was the beginning of Yoga Soegomo's military career in Indonesia. In 1949-50 he was sent by the Indonesian government of Great Britain to attend an intelligence course. Prior to that, from 1948 to 1949 Yoga Soegomo was first assistant on the staff of the Military Territory of Banyumas. Upon his return from Great Britain he became Assistant I in the Gunung Jati Brigade, serving in that capacity until 1955.

Suppressing the PRRI

There were four experineces which made the greatest impression on Yoga Soegomo during his service in the Army. The first occurred when he was assigned by then Colonel Soeharto (now the president), at that time commander of the Diponegoro Military Region, to duty in the suppression of the PRRI rebels in West Sumatra. Yoga was commander of RTP II [Regimental Combat Team II] of the Diponegoro Division. This was a step up in his military career, after serving as Assistant I in the Diponegoro Military Region from 1955 to 1959. He went to West Sumatra in 1959 with a force of about 5 battalions of infantry, or 6,500 troops.

30 September/PKI Uprising

Cigarettes, for General Yoga Soegomo, have a special value in his daily life. Without cigarettes there is always something missing in the taste of things. For that reason he never forgets to smoke cigarettes, and indeed has done so since he was 13 years old. Now every day he smokes at least 2 packs of cigarettes (1 pack of regular cigarettes and 1 pack of clove cigarettes).

The second impression which he cannot forget from his Army service was the 30 September/PKI uprising of 1965. When the PKI rebellion broke out, Yoga Soegomo had just come back from his duties in Yugoslavia as defense attache. On his return from Yugoslavia he was assigned to KOSTRAD [Army Strategic Reserve Command] as assistant to the commander for intelligence. At that time the commander of KOSTRAD was Major General Soeharto. Thus, for the second time he served under Soeharto. Yoga Soegomo said, "After I had been assistant for intelligence in KOSTRAD for just three months, the 30 September affair broke out. However, as I had continued to follow developments at home, though from 1962-1965 I had been defense attache in Yugoslavia, conditions in Indonesia were not unknown to me." General Yoga recalls that, well before the 30 September affair broke out, he had been suspicious of the PKI. He had pointed this out to the late General Yani when they met in Yogoslavia.

Yoga Soegomo asked General Yani, "General, suppose later on, if we are involved in a confrontation with Malaysia and our troops are sent to the border, isn't there a possibility that the PKI will stab us in the back?" General Yani answered, "Anyone in this country who dares to take on the Army, anyone who dares to take us on, well, there is no need to worry about the outcome."

General Yoga continued, "It's not that I want to picture General Yani as careless or conceited, not at all. However, General Yani's views at that time were based on the fact that President Soekarno, also at that time, was a leader who relied on the power of the Army. But we didn't know that behind him there were various kinds of people," General Yoga said.

He continued, saying that his impressions of the 30 September/PKI uprising were based on the fact that, as assistant for intelligence in KOSTRAD, he was able to draw correct conclusions and make proper judgments on what had happened for his commander, Major General Soeharto, although he said that he did not have proof at the time. He said that at 6:30 am on 1 October 1965 he was the second person to arrive at headquarters of KOSTRAD. The first person to arrive was Colonel Soehardoyo, who at the time was assistant for personnel matters in KOSTRAD. "Since there were still only two of us at headquarters, Colonel Soehardoyo gave me authority to take action, as the chief of staff and his deputy, Brig Gen Achmad Wiranatakusuma and Brig Gen Satari, respectively, had not yet arrived.

At about 9:15 am Soeharto arrived at KOSTRAD headquarters, driving his jeep himself and wearing battle dress. Yoga recalls, "As soon as Soeharto arrived, he immediately called his staff together, including me, and asked what we thought was happening at the time. As assistant for intelligence in KOSTRAD, of course my views were needed by the commander at that time." There follows below the dialogue between Maj Gen Soeharto, commander of KOSTRAD, and Col Yoga Soegomo, his assistant for intelligence.

"What's going on here, Yoga," the commander asked.

"General Suharto, in my view, this is a PKI movement," Yoga Soegomo answered.

"Then in your view, what's happened to General Yani and the others," Soeharto asked.

"I don't know where they are, but it is likely that they have been likked," Yoga replied.

"What do you think, is President Sukarno involved or not," Soeharto asked again.

"He must be involved," Yoga replied.

"Why," Soeharto asked.

"It is not possible that the PKI would attack the Army and kidnap the Army leadership, unless at least they have Soekarno's blessing at the time or other leaders in the government," Yoga answered.

"In your view, where is President Soekarno now," Soeharto asked.

"Logically, he should be at Halim Perdanakusuma airbase," Yoga replied.

"Why at Halim," Soeharto asked.

"If something goes wrong, it is still possible to fly away," Yoga answered.

Yoga recalls, "That was my answer to General Soeharto on 1 October 1965 at 9:00 am, without my having any proof. However, because I had always followed political developments, I had drawn a conclusion as an intelligence officer."

Becoming a Diplomat

The career of Yoga Soegomo was marked by a variety of posts following this. After having been assistant for intelligence in KOSTRAD from 1965-1966, he went on to be deputy chief of personnel in the Supreme Command in Jakarta. Then, in 1967-1968 he was director for strategic intelligence in the Ministry of Defense and Security. He was promoted to be deputy chief of BAKIN [Intelligence Coordination Body] in 1968 and became chief of BAKIN in 1969. In the following two years he was chief of personnel of the Ministry of Defense and Security and at the same time was commander of the Special Intelligence Unit of the Security and Order Command [KOPKAMTIB], assistant for intelligence in KOPKAMTIB, and chief of strategic intelligence in the Ministry of Defense and Security.

Clearly, his third memorable impression of his career comes from the time when he was appointed in 1972 to be Indonesian ambassador to the United Nations, after having been assigned in 1971 as deputy chief of the Indonesian Mission to the United Nations.

Suddenly, Yoga Soegmo received the call in New York to return home immediately. At the time, January, 1974, what came to be called the Malari affair had broken out in Jakarta. His summons home was dated 21 January 1974, but in fact, at the time, Yoga Soegomo was ill in New York and was only able to return on 23 January 1974. On arriving in Jakarta he immediately reported to the minister of foreign affairs, at the time still Adam Malik, who is now vice president.

Adam Malik said, "General Yoga, it is not I who have called you back. I was only acting at the request of the president, so go to see him right away." Yoga Soegomo immediately went to see President Soeharto at the Bina Graha offices.

It turned out that the recall of Yoga Soegomo by the president was in connection with a new job and task. President Soeharto said to him, "Yoga, take over BAKIN. You don't have to return to the United States. Take care of [selesaikan] those responsible for the Malari affair."

Yoga Soegomo said, "I received back the function and responsibility of being chief of BAKIN, which at the same time was a mark of confidence of the chief of state in me, for which I could certainly feel proud." At the time Yoga Soegomo was still a major general. The turnover of the office of chief of BAKIN took place in January from Lt Gen Sutopo Yuwono to Maj Gen Yoga Soegomo. For Yoga this was the second time he had held the position, which was turned over to him for the first time in 1968, and he served in that post until 1969. However, in 1978 he was at the same time chief of staff of KOPKAMTIB.

According to General Yoga Soegomo, the fourth particularly meaningful experience in his career took place in connection with his duties in resolving the hijacking of the DC-9 aircraft "Woyla" in Bangkok, Thailand.

The general, who officially retired from the Army on 1 June 1981, said that when the terrorists hijacked the aircraft, the only high-ranking officers of the Indonesian Armed Forces in Jakarta were he and General Sudomo. The others were attending the 1981 Indonesian defense exercise [RAPIM] in Ambon. Therefore, when the hijacking took place he immediately consulted with General Sudomo, the deputy commander of the armed forces, to find a way to resolve the matter. General Sudomo said, "One of us should go to Bangkok to take care of this, and the best one would be General Yoga." General Yoga recalls, "I said then that I agreed and that I would immediately prepare my departure to Bangkok."

General Yoga continued, "Before leaving, I went to say good-bye to the president. Indeed, he gave me the task of resolving the matter and gave me instructions which I was to carry out in taking care of it. We were able to carry out the military operation by the Army Commando Troop because I had previously succeeded in convincing the Thai government that the best way to handle the matter was to attack the aircraft in order to catch the hijackers and at the same time to rescue the hostages. Thanks to God and the skill of the Commando Troops, the attack was a brilliant success, without injuring any of the hostages. Although we suffered the loss of one member of the Commando Troop, Lt Achmad Kirang, and the pilot of the aircraft, Herman Rante, nevertheless I consider the performance of the Commando Troop was very good, as we had hoped it would be. I returned to Jakarta with the freed hostages."

Decorations

The general, who has eight children, obtained 14 Indonesian and two foreign decorations. The 14 Indonesian decorations are: the Star of the Great Son of the Republic [Bintang Maha Putra Utama]; the Distinguished Service Star [Bintang Dharma]; the Guerrilla Star [Bintang Gerilya]; the Khartika Eka Paksi Star; the Jalasena Pratama Star; the Swa Bhuana Paksa Pratama Star; the Service Medal [Medali Kesetiaan]; the Independence War Medal, First and Second Class [Satyalencana Perang

Kemerdekaan Satu dan Dua]; Military Operations Medals I and VI [Satyalencana GOM I dan VI--I for operations against the PKI at Madiun in 1948 and VI for operations against Darul Islam terrorists in Central Java]; the Saptamarga Medal [Satyalencana Saptamarga--for operations against the PRRI [Permesta rebels], the Wira Dharma Medal, Founders' Class [Satyalencana Wira Dharma, Penegak].

The foreign decorations include: the Panglima Setia Mahkota Star (Malaysia) with the rank of Tan Sri (when the general goes to Malaysia, he will be called Tan Sri Yoga Soegomo); the National Star of the Republic of Korea, First Class (Tong-Il). [Excerpts] [Jakarta HARIAN UMUM AB in Indonesian 29 Jun 81 pp 1, 8] 5170

SENIOR ARMY OFFICERS RETIRE--The chief of staff of the Army, General Poniman, on Monday [29 June] presided over the retirement ceremony of 32 senior Army officers. Included among the 32 retiring senior officers are General (Retired) Yoga Soegomo, Maj Gen (Retired) Alex Prawiraatmadja, Brig Gen HAKI Chourmain, and Maj Gen (Retired) R Soekotjo. [Excerpts] [Jakarta HARIAN UMUM AB in Indonesian 29 Jun 81 pp 1, 2] 5170

DR MARAH ALI SIREGAR--Dr Marah Ali Siregar, inspector general and acting secretary general of the Ministry of Religion, on Tuesday [16 June] died at Cipto Mangunkusumo Hospital in Jakarta. The deceased, who was 61 years old, suffered a heart attack while attending a meeting at the Ministry of Internal Affairs. The attack took place at 10:15 pm, and he could not be helped any further. The remains of the late Brig Gen M Ali Siregar will be buried at Kalibata Cemetery. Attending the departure of the remains from his home will be Coordinating Minister for Social Welfare Affairs Surono Reksodimedjo as acting minister of religion. Minister of Religion Alamsyah himself on Tuesday [16 June] left for Saudi Arabia to attend a meeting of Ministers of Welfare and Religion of countries which are members of the World Islamic Organization. The deceased was born in Batangtoru, North Sumatra. He leaves a wife and son. The two of them were able to be with the deceased at Cipto Mangunkusumo Hospital before he died. Dr Siregar's career began when he was a second lieutenant in 1946. He served as chief of information of Military Region V/Jakarta Raya (1960-1965), director of ANTARA News Agency (1968-1970), and assistant state secretary for general affairs (1968-1972). He was appointed inspector general of the Ministry of Religion on 15 March 1979. Finally, he was appointed to serve also as secretary general of the Ministry of religion, replacing Dr Kafrawi on 30 January 1981. [Excerpts] [Jakarta KOMPAS in Indonesian 18 Jun 81 p 12] 5170

AMBASSADOR TRINH HUANG LANG--Tring Huang Lang on Wednesday [17 June] assumed his new post in Jakarta as ambassador of the Socialist Republic of Vietnam. In his statement to the press Ambassador Trinh said that he hoped that Indonesia, which is a near neighbor and a country which already has long-standing ties with Vietnam, can provide further assistance so that the process of a dialogue between Indochina and ASEAN can bring positive results. Trinh repeated the Indochina proposal which resulted from the meeting of foreign ministers of Laos, Cambodia, and Vietnam in Phnom Penh last 13-14 June. The meeting called for the holding of an Indochinese-ASEAN regional conference to discuss all questions involving common interests, with the participation of a UN observer and representatives of states mutually agreed on. He stated that this regional meeting was based on the concept of equality and common goals when it was proposed to be held in mid July, 1981, in Rangoon or in another Asian capital jointly agreed upon. However, ASEAN continues to reject this Indochinese idea and continues to seek the holding of a broader conference in accordance with the UN resolution of October, 1980. ASEAN does not want to sit at the same table with the Heng Samrin regime in Cambodia which it does not recognize

and which has gained power with the help of 200,000 Vietnamese soldiers. Apart from that he stated that Indochina has also proposed to the People's Republic of China signing a bilateral non-agression and peaceful co-existence agreement. He expressed hope that the PRC would take a positive view of this Indochinese offer. [Text] [Jakarta KOMPAS in Indonesian 19 Jun 81 p 7] 5170

LT GEN LEO LOPULISA--Lt Gen Leo Lopulisa has been appointed Indonesian ambassador to the Philippines, replacing Air Marshal Soedarmono, who has concluded his tour of duty. Ambassador Lopulisa was most recently commander of Defense Area III, with his headquarters in Ujungpandang. In this last-named post he has been replaced by Lt Gen Himawan Soetanto. Leo Lopulisa was born on 23 November 1926 in Bandnug. His formal education included attendance at an ELS [European Elementary School in the Dutch colonial period], a MULO [junior high school], SESKOAD [Army Staff and Command School], and the Military Attache Course. Leo Lopulisa began his military career during the struggle for independence. He was commander of Battalion 701 in Ambon, chief of staff of Infantry Regiment 23 in Army Division and Military Territory VII, a teacher at the Army Staff and Command School (SESKOAD), and military attache in Canberra, Australia. In 1965 he became chief of staff of Military Region II/Bukit Barisan. In 1969 he was appointed commander of that Military Region. In 1975 he became commander of KOSTRAD and then commander of Defense Area III. [Text] [Jakarta KOMPAS in Indonesian 14 Jul 81 p 12] 5170

BUNTARAN SANUSI--Buntaran Sanusi was born on 4 September 1955 in Jakarta. He is a member of the editorial staff of the daily newspaper TERBIT. He is also on the editorial staff of the magazine ANALISIS PENDIDIKAN [Educational Analysis], published by the Ministry of Education and Culture. He is active in attending seminars and conferences and writes numerous articles on political, educational, and youth affairs, as well as following environmental questions (in the monthly magazine WARNASARI). He is chairman of the IPPLH (Association of Writers and Friends of the Environment) and has served in that capacity since 1979. He is a founding member of LEPMI (League of Indonesian Young Writers). His most recent period of education was at the Faculty of Economics of Jayabaya University in Jakarta in 1979. [Text] [Jakarta PRISMA in Indonesian No 4, Apr 81 p 100] 5170

CHRISTIANTO WIBISONO--Christianto Wibisono was born in Semarang on 10 April 1944. He was a reporter on the daily newspaper KAMI from 1966 to 1970. He was a founder of the magazine EKSPRES (1970) and worked on the magazine TEMPO from 1970 to 1974. He is completing his doctorate in political science at the Faculty of Social Sciences of the University of Indonesia. He is the author of "Aksi-Aksi Tritura," a history of the student demonstrations of 1966, and "Pengetahuan Dasar Bagi Wartawan Indonesia" [Basic Knowledge for Indonesian Reporters] (he was appointed to edit this book by the Press Council). He has been active in the Association of University Student Publications [IPMI]. He was secretary of the Jakarta branch of IPMI from 1966-1968 and chairman of the Jakarta branch of IPMI from 1968-1970. Since 1978 he has been a member of the board of directors of the Indonesian Family Planning League [PKB Pusat]. On several occasions he has won the Editorial Prize [Sayembara Mengarang] and has attended various international conferences concerning the press, education, and international questions. [Text] [Jakarta PRISMA in Indonesian No 4, Apr 81 p 100] 5170

PRIJONO TJIPTOHERIJANTO--Prijono Tjiptoherijanto was born in Malang (East Java) in 1948. He graduated from the Faculty of Economics of the University of Indonesia, with a major in government and he became an instructor in the same faculty. He won his MA in economics from the University of the Philippines (1977). He obtained his PhD in the Department of Economics of the University of Hawaii (1980). From 1973 to 1977 he was assistant managing editor of the magazine EKONOMI DAN KEUANGAN INDONESIA [Indonesian Economics and Finance]. He has written scholarly articles for various publications. [Text] [Jakarta PRISMA in Indonesian No 4, Apr 81 p 100] 5170

R A J KAPTIN ADISUMARTA--R A J Kaptin Adisumarta was born in Wonosobo on 22 July 1932. He was educated at the Catholic Economic High School in Tilburg, the Netherlands, graduating in 1957. He was an assistant teacher in economic development at the University of Fribourg, Switzerland (1957-1959). He has been successively lector in monetary economics at the Faculty of Economics of Gadjah Mada University in Yogyakarta, 1959-1964; assistant minister of estate agriculture in the Financial Sector, 1965-1966; adviser to the board of directors of the Dwikora educational foundation [PP Dwikora], 1965-1966; assistant minister of finance, 1966-1968; staff expert on the subcommittee of the Monetary Council, 1966-1968; caretaker of the directorate of the State Sugar Factory Council [PPN Gula], 1966-1967; commentator on economic affairs for KOMPAS, 1968 to the present; a director and editor of PROGRESS, the magazine for economic and industrial development, 1971 to the present; a director of Industrial and Legal Consultants, 1970-1972 and 1979 to the present; a director of PT Marichar Corporation, 1977; a director of PT Mario Ricardo, 1979; a director of PT R T A (Engineering), 1980; a director of PT Detta Marina (Textiles), 1981; and a director of PT B C M (Trade), 1981. [Text] [Jakarta PRISMA in Indonesian No 4, Apr 81 p 100] 5170

MINISTER OF MINING AND ENERGY SOEBROTO--Minister of Mining and Energy Soebroto on Thursday [18 June] entered Gatot Subroto Army Hospital for medical tests. Earlier on Thursday the minister was still involved in the official visit of the New Zealand minister of energy and development, William Birch. Doctors treating Minister Soebroto emphasize that he needs rest and have given instructions for the time being that he cannot receive visitors except for close family members. [Text] [Jakarta SINAR HARAPAN in Indonesian 20 Jun 81 p 1] 5170

PERTAMINA DIRECTORS--Following are the curricula vitarum of the directors of PERTAMINA [National Petroleum and Natural Gas Mining Company]:

DR JOEDO SUMBONO

Born	Pare-Pare, Sulawesi, 17 August 1929
Entered company	24 April 1961
Present post	Principal Director of PERTAMINA
Education	
Grote Zeevaart School [Senior Navigation School]	Jakarta, 1954

Jayabaya University, major in sociology and political science	Jakarta, 1968
Sdngapore Flying Club, private pilot's license	Singapore
Natural Gas and Oil Training Course II	Jakarta/Plaju, 1974

Work Experience

Aviation Section, PERMINA [National Oil Company]	Jakarta, 1964
Chief of Public Relations Section, PERMINA	Jakarta, 1964
Member of Board of PERTAMINA	Jakarta, 1967
Assistant Director, PDN [State Trading Enterprise], PERTAMINA	1968
Assistant Director for Sales, Director of PDN	1969
Executive Committee, Director of PDN	1969
Director for Domestic Supply (PDN)	1974
Chairman of BBM Team	1976
Principal Director, PERTAMINA	1981

Work experience outside PERTAMINA

TRIP [Students' Army]	1945
Indonesian Army	1949
Maritime Police	1952

PELNI [Indonesian National Navigation Company]	1954
Army schools, Staff D of the armed forces, with the titular rank of brigadier general	1958

DR [Engineering] N SUTAN ASSIN

Born	4 February 1930
Entered company	14 March 1958
Present post	Director of Exploration and Production

Education

Technical High School, majoring in oil production, Delft, the Netherlands	1957
Supervisory Studies Course I/60, BPM [Bataafsche Petroleum Maatschappij --Batavian Petroleum Company]	1960
Training in Production and Reserve Engineering, Brunei Shell Petroleum Company, Ltd.	1962
Management Course, Atlanta, Ga, U.S.A.	1969
School of Offshore Operations, Texas, U.S.A.	1970
Natural Gas and Oil Training Course II	Jakarta, 1974
Economic Seminar (First Class), working with H K Van Pooler Associates, U.S.A., in Semarang	1979

Work experience

Assistant exploration engineer, Prabumulih; production engineer, Plaju, serving successively with BPM and Shell Indonesia	1958
Senior mining employee in the Ministry of Petroleum and Natural Gas	1963
Assigned to PERMIGAN [National Petroleum and Natural Gas Company] as Acting Director	1963
Assigned to PERMINA as Exploitation Project Chief, West Java, and Acting Director of PERMIGAN	1966
Director of Unit III, Java, for PERMINA and PERTAMINA	1966
Chief of Oil and Gas Division	1976
General Chairman, Central PORKAM [Central Petroleum Industry Sports Committee]	1976
Chairman of Sub Committee II, Logistics and Land Transport, Overhead Committee	1977
Chairman of Planning and Development Team, Cemara field	1977
Director of Exploration and Production	1981

DR [Engineering] INDRAMAN AKMAM

Born	6 September 1926
Entered company	5 February 1958
Present post	Director of Refining, PERTAMINA

Education

Chemical Technical Faculty, Bandung	1958
Supervisory Course, Balikpapan; Mental Upgrading and Public Works, Cipulir; General Refinery Training Geelong, Victoria, Australia	1963
Methods and Planning Course, Bangkok	1965
SIPCO Training Course, London	1968
Financial Management Course	1970
Training, Far East Oil Trading Company, Japan	1970
Executive Customer Computer Seminar, Manila	1971
Operations Training, Phillips Petroleum Company, U.S.A.	1972
Petroleum Economics and Management, Transportation Center, U.S.A.	1973
OPEC Study, World Oil and Energy Model, Vienna	1974
OPEC Committee for the results of Batelle II [sic; not otherwise explained]	1975
OPEC Ministerial meetings, Vienna, Bali, Doha	1975-1976
Symposium on oil industry technique, Kuala Lumpur	1976
Natural Gas and Oil Training Course IV, Jakarta	1979
Director of Refining	1981

Work experience

Balikpapan Refinery, BPM	1958
Control Laboratory Supervisor, Balikpapan	1960
Plaju Refinery, BPM/Shell	1960

R HASMORO REKSOATMODJO

Born	Tegal, Central Java, 31 July 1932
Entered company	1967
Present post	General Director of PERTAMINA

Education

University of Indonesia, Faculty of Economics	1954
New York University, major in Business Administration	1961
New York University, major in General Economics	1963

Work experience

Director, Far East Oil Company, Ltd, Tokyo	1965
PERMINA office for the U.S.A., New York	1967
Chief of the PERTAMINA office for the Americas, Los Angeles	1968
Staff of the Principal Director, PERTAMINA	1980
General Director	1981

Work experience outside PERTAMINA

Students' Army, T Ronggolawe unit	1948

Secretary, Indonesian Consulate in New York, Financial and Administrative Section	1956
Secretary and assistant at the Indonesian Permanent Delegation to the United Nations	1958
CALTEX trainee	1964

DR FAISAL ABDA'OE

Born	23 August 1930
Entered company	1 February 1960
Present post	Director for Financial Affairs

Education

University of Indonesia, Faculty of Economics	1959
Petroleum Marketing and Management Course, U.S.A.	1962
Finance Management Course, Bandung	1972
OPEC Conferences, Nigeria, Australia, Algeria	1973-1975
International Financial Management Course, Bandung	1973
Financial Management, LPPM [League for Research and Social Service], Jakarta	1976
Workshop on Policy for Public Enterprise in Developing Countries, Harvard University, U.S.A.	1978
Systems Science Course of Study in Information Systems Planning, Chicago, U.S.A.	1978

Work experience

Commercial service, PERMINDO [Indonesian Petroleum Mining Company], Jakarta, Semarang, Surabaya	1960
Commercial service, PERTAMINA	1961
Acting chief of the East Indonesian Office, West Java	1965
Chief of the Economics and Planning Section	1966
Manager, Research and Planning Section	1968
Senior Officer, Acting Chief of the Economics Department, OPEC, Vienna	1968
Staff director, OPEC section/ manager, general affairs, Division for the Coordination of Joint Ventures	1974
Director for Financial Affairs, PT Pusri	1974
Director for Financial Affairs, PERTAMINA	1981

Other experience

Supreme Command Oil Team in Operation Jaya Wijaya [occupation of West Irian]	1963
Member of the marketing turnover team of Shell/ Stanvac	1964
Natural Gas Utilization Team	1968
Chairman of Pusri team in the preparation of the ASEAN fertilizer project	1978

DR INDRA KARTASASMITA

Born	2 November 1938
Entered company	1 June 1965
Present post	Director of Shipping and Telecommunications

Education

Doshisha University, major in maritime traffic, Kyoto, Japan	1965
Marketing Training, Phillips Petroleum, U.S.A.	1969
Seminar Management, University of Indonesia	1969

Work experience

Special staff assistant, PERMINA	1965
Staff of the Director for Legal Affairs and Foreign Marketing Relations; chief fo the Bureau of Foreign Marketing, Foreign Marketing Relations Division; staff of the General Director for Liquified Natural Gas Affairs	1969

Assigned to the Indonesian Cabinet as:

Chief of the Bureau of General Affairs	1979
Chief of the Bureau of Foreign Technical Cooperation and secretary of the Coordinating Committee for Foreign Technical Cooperation	1979
Director of Shipping and Telecommunications, PERTAMINA	1981

Work experience outside PERTAMINA

Director, Dewan Trading and Industry Company, Bandung branch	1957

DR [Engineering] R DJENDERAL ADISOEMARTA

Born	10 May 1928
Entered company	7 March 1957
Present post	Director, Domestic Supplies

Education

Technical High School, Machinery Division, Delft, the Netherlands	1956
Caltex Management Seminar, Bali	1969
Lubricant Course, Rumbai	1969
Industrial Engineering Course, London	1970
Financial Management Course V, Bandung	1972
Problem Solving and Decision Making Workship, Jakarta	1973

Work experience

Field Engineer Planning, Prabumulih; Field Engineer, Bajubang; chief of the Banyu field; chief of the Bajubang field; NIAM [Netherlands Indies Petroleum Company], PERMINDO	1957
Chief of field technical services, PERTAMIN	1965
Chief of manufacturing services, PERTAMIN/PERTAMINA	1968
Chief of manufacturing services as well as chief of the Bureau of Development, under the director for domestic supplies	1972
Director of Domestic Supplies	1981

Work experience outside PERTAMINA

Science teacher, senior high school, General Educational Foundation, Bandung	1950
Teaching assistant to Prof J M Kuyper, Bandung	1952
Teaching assistant to Prof B C Kroon, Delft	1953

[Text] [Jakarta WARTA PERTAMINA No 11, Apr 81, pp 22-24] 5170

5170
CSO: 4213/87

IENG SARY: POPULAR SUPPORT HAS GROWN FOLLOWING POLICY CHANGE

Kuala Lumpur NEW STRAITS TIMES in English 17 Aug 81 p 15

[Dispatch from Phum Thmay village in Kampuchea]

[Text]

KAMPUCHEA'S ousted Khmer Rouge regime is fighting two battles — a fierce guerrilla war to drive out the Vietnamese occupation force and a propaganda campaign to regain the confidence of the country's battered population, and the world.

Efforts to form a united anti-Vietnamese front with the two other main Kampuchean resistance groups seem almost coincidental, according to statements made by Democratic Kampuchea (Khmer Rouge) Deputy Prime Minister Ieng Sary in this jungle village just across the Thai border.

Mr Sary told reporters last week of the "increasingly favourable" situation of the estimated 40,000 Khmer Rouge guerrillas, who have been battling the 200,000-man Vietnamese occupation force since Hanoi-led troops ousted the Khmer Rouge government in January 1979.

"Our morale is very high," Ieng Sary said. "We constantly take the initiative in attacking the Vietnamese. We are sure that they will not be on the offensive again."

Equally important, Mr Sary said, was the growing support from the population.

"About 1,600,000 people (more than one quarter of Kampuchea's population) are in the area under our control," he said.

These people are being persuaded that the Khmer Rouge have, in a major policy about-face, become advocates of private property and private ownership.

"Until the beginning of 1981 the people were not confident in our change of policy but now they are convinced and see we have implemented our programme fully and directly," Ieng Sary said.

Khmer Rouge fighters were spreading the word, he said.

Antipathy

Soldiers would attend village weddings to demonstrate that Khmer Rouge antipathy toward the family and religion were a thing in the past, Ieng Sary said. And when not in combat, the guerrilla forces would engage in agricultural production. Mr Sary told of seeing soldiers carrying chickens to the villagers.

The revised Khmer Rouge policy was forcefully stated in a five-point political programme issued last June 30 which called for a free election in Kampuchea after the withdrawal of Vietnamese forces and a political regime "which will not construct socialism or communism."

The renunciation of communism also seemed designed to reassure the majority in the United Nations which supports the Khmer Rouge as the legitimate government of Kampuchea but which has widely denounced the government's radical policies during its three-and-a-half year rule.

More than a million people were believed to have been killed or died of starvation as the population was uprooted during the zealous implementation of Khmer Rouge communism.

But the revised politics of the Khmer Rouge have done little to quell the antipathy toward them on the part of former premier Son Sann, leader of the Khmer People's National Liberation Front or the head of the small Moulinaka resistance group, former head of state Prince Norodom Sihanouk.

Son Sann and Prince Sihanouk met early this month in Paris in the latest of a series of apparent attempts to form a united anti-Vietnamese front.

Ieng Sary claimed that Son Sann met the prince "not in the spirit of a united front" but wanting him to sign a joint communique condemning the Khmer Rouge, which the prince refused to do.

But Ieng Sary said that Prince Sihanouk had nonetheless persistently denounced the Khmer Rouge, and that the National Liberation Front had demanded, as a condition of forming a united front that the Khmer Rouge hold no political positions in it.

Ieng Sary said he had received no answers to telegrams he sent last August 7 to Prince Sihanouk and Son Sann, requesting talks some time this month.

But he stressed that Khmer Rouge not only were fighting on the basis of being Kampuchea's legal government, but were the only resistance forces having any significant effect. — Reuter.

CSO: 4220/506

COLLECTION OF DIVERSE PEOPLE FACE 'HORRENDOUS' POLITICAL PROBLEMS

Kuala Lumpur BUSINESS TIMES in English 26 Aug 81 p 6

[Article by Alan Chalkley]

[Text]

IT IS now eight years since the outside world had a clear look into the landlocked country of Laos. At that time, the royal family were still overtly in charge of things, at least in the area stretching from the royal capital, Luang Prabang, through Vientiane, the leading city, and down approximately to Savannakhet in the southern "tail."

The Vietnamese controlled the north-east (the districts of Phong Saly and Sam Neua having been more or less Vietnamese-controlled even in French colonial times.

On the west, where the Burma-Thai border was, as ever, beyond the reach of effective law, the Chinese were building a road down from their border to a few miles short of the Mekong River, west of Vientiane.

In the extreme south, peace and disaffection reigned; Kampuchea had not yet become a battleground, although the Vietnamese were using the north-east corner as a channel for men and arms (and denying it) while the Americans were bombing the area (and denying it).

The royal family, however, were split into three identifiable factions. It was therefore easy for Vietnam to take over the reins when the Americans pulled out of Indochina; the Russians in Vientiane itself helped to put together the "agreement" which on the surface made Laos independent (it was said to have been actually written, and partly signed, in the house of a Russian diplomatic official).

Through all these political shenanigans, the Laotian economy never collapsed — mostly because there was little economy to collapse. There is a close parallel between Laos and Nepal — both are "buffer" states, and hate it, but they have to make the best of the continuing pressures.

The communications run mostly into Thailand (which has more ethnic Lao people than Laos itself), except for the extreme north-east and the extreme south-east. Political boundaries drawn on maps by old colonial powers are rarely viable, unless they are drawn on shorelines of the open sea and Laos is strictly speaking a non-entity.

But through the chaos of the last thirty years, no one has sought to change the boundaries, there may be doubts as to "who is in charge" in various bits of the country, but officially, to the diplomatic world, the international lending organisations like the World Bank and the Asian Development Bank, and even the contestants for supremacy, there is still a "Kingdom of Laos" or, more recently, a "Lao People's Democratic Republic" (a misnomer, of course).

Officially, therefore, we have to treat the area inside the boundaries as if it were a whole, and as if administration and planning were extendable over it. A falsity, but there it is.

The country has hundreds of separate peoples, many separate dialects, and an unusual pattern of ethnic habitation. Over much of the country, ethnic groups are not gathered together in identifiable areas, round which one can draw boundaries. The high mountain people, the middle mountain people, the river-valley people and the plains people, are different. A true map of the ethnic composition would be dotted with myriads of small enclaves, based on the contours rather than the forests, or the rivers or the communication routes. Much of the culture of the separate peoples has been retained, in sharply differentiated dress, diet, music and song.

To speak therefore of a "Laotian" is only to mark off a set of people who happen to live within the political boundary, and on all borders, such people still come and go in blithe rejection — and even ignorance — of the barriers and controls of a modern state.

Nationalism, a quite recent idea in human history, is to the bulk of the inhabitants only a confusing and quite useless imposition of strange foreigners from far away, whether French, American, Vietnamese or some visiting administrator from the World Bank.

Such impenetrable falsities are ignored, because the pressures of making a living, avoiding official interference, avoiding the marauding armies that come through frequently, and quarrelling with one's different ethnic neighbours, are enough to be going on with.

For some groups, rejected of men like the Biblical Ishmael, all that is possible is a wandering from place to place. There are several of these groups now, of which the Hmong have received the most publicity because they were at one time closely allied with the Americans. There are others in the north-west, badgered and obstructed by everyone from the "Shan States Army" to the unfathomable foreigners who come up and say you can't grow opium.

For them and others in the restive frontiers of all Burma and Western Thailand, life is a matter of catch-as-catch-can, which translates agriculturally into slash-and-burn, and commercially into smuggling.

Laos is therefore in reality a patchwork of shifting peoples and environments. Areas of stability are few (one of the longest lasting is the unusual case of the Nam Ngum Dam, built on a small tributary of the Mekong, just north of Vientiane, by Japanese and Canadian teams and funded by the US Mekong Committee via Escap). Any economic statistics, therefore, are subject to, let us say, considerable margin of error.

The Asian Development Bank has grittily tried to keep the statistical record going, even through the most chaotic times. The "Lao People's Democratic Republic" is a member of the Bank in good standing, and its predecessors, variously named, were also, ever since "Laos" joined the Bank in 1966.

From the Bank, and a few other scattered sources, we can gain at least a rough picture of the economy within these embattled borders.

The official estimate for the population of the country is about 3.7 million. It has one of the lowest densities in Asia — 15 people per square kilometre, as against 42 in Malaysia, 77 in Indonesia, 87 in Thailand and 160 in the Philippines. But the cultivated land is also small, at about 1.7 million hectares, or scarcely 7¼ per cent of the total land area. As a result, the average amount of cropped land per person is less than half a hectare. The level of agricultural technique is extremely low, so that land is for the most part cultivated at subsistence level except near the towns.

The urban population is minute, the town-dwellers accounting for less than 10 per cent of the population. This is just as well, as with the current state of technique the rural economy just cannot support a large urban "overhead." There is an index of agricultural production, calculated by the US Food and Agricultural Organisation, and this indicates that production has risen by some 29 per cent since 1972, but for the first six years after that date, production hardly rose at all.

The only other statistical key to Laotian activity is the record of exports and imports — that is, those goods and services which pass through the official channels, and which are probably only a portion of the real total. Heading the list of these official exports are tin, timber, green coffee and cardamoms (the minty fruit of a rainforest shrub); since the opening of a second phase of the Nam Ngum dam, there has been a significant income from sales of electricity to Thailand; one of the strange anomalies of the foreign relations of Laos is the fact that, come hell or high water, the power lines between the dam and the Thai system are not interrupted. Politicians may mouth, and shots be fired across, or either side of, the Mekong river, but the serious business of generating electricity for itself and its neighbour goes on. There is a moral in there somewhere...

Foreign trade has developed considerably in the last four years, although imports have risen more sharply than exports:

Year	US$m	Rise/Fall %
Exports		
1977	9.6	—
1978	11.8	+22.9
1979	35.2	+198.3
1980	30.5	−13.4
Imports		
1977	59.1	—
1978	76.3	+29.1
1979	94.3	+23.6
1980	130.1	+38.0
Trade Balance (Deficit)		
1977	49.5	—
1978	64.5	+30.3
1979	59.1	−8.4
1980	99.6	+68.5

Otherwise, statistical measures are fragmentary. The country has experienced damaging interruptions of trade, currency values and money flows, with the result that there is no real continuous measure of output or value. The Vientiane cost of living index, for instance, rose ninefold from 1970 to 1975. The index was then rebased, and has risen more than five-fold again.

Budgeting on the basis that your money will depreciate 45 times in ten years is no budgeting at all. In such times people abandon the use of local money entirely if they can, and operate on barter, foreign smuggling and black markets — in other words, real value in exchange.

This "informal economy" has continued to exist, especially in the south, in the north-west next to Burma, and all along the Thai border. The transactions of such an economy are not caught by the official statistics at all, and this should always be remembered when considering the real fortunes of the Laotian economy. Nor is the whole Laotian economy centralised or independent; large areas of the borders are more part of the neighbouring economies than of the Luang Prabang-Vientiane axis, for instance.

But this does not mean that the government has been idle, or unsuccessful in bringing some semblance of order to those parts of the economy which it can control, or at least measure. The International Monetary Fund has conducted a sober-sided study of the economy, and its conclusions are far from gloomy, even though the recent past has been a sorry history of chaos.

After referring to the "profound structural distortion" in the country, caused by three decades of armed conflict, the IMF notes the main tasks confronting the 1975 People's Democratic Republic government — return of refugees to their previous places of residence, a new administrative system, and a socialist society. The word "socialist" has many meanings, but in Laos it took more after the British meaning than the Russian. The banks, foreign trade and what major industries existed were nationalised; agricultural cooperatives were encouraged in those few areas where farming was organisable at all; the "city problem" (always the first to arise in socialist revolutions) was tackled by food rationing and subsidised prices for the town-dwellers.

The result was, as it has always been in any country which adopts this philosophy, a massive increase in budgetary outlays — not only on development, but more on consumer goods expenditure. In 1976 and 1977, as non-communist foreign aid shrank, and domestic output scarcely rose at all, Central Bank-generated money soared; domestic liquidity doubled in 1976 and rose 70 per cent in 1977; between 1975 and 1977 the currency in circulation rose by 120 per cent alone. It was a classical case of inflation, because not only was output stagnant, but the velocity of money, the speed with which the money passed from scared hand to scared hand, also rose.

As far as the town-dweller was concerned, as imports had to be cut back, and as he had to resort to the black market, the real cost of living went out of sight — black-market prices rose as much as about 300 per cent in both 1976 and 1977. In another country, without the "cushion" of rural and informal production and trade activity to fall back on, this would have led to considerable popular uprising (as we have seen in largely industrialised Poland). As it was in Laos, anyone could leave the town and subsist in the countryside, or (if the person had relations or friends there) go to one of the smaller towns round the

;ong arc from Burma to Central Vietnam. Or, if desperate, flee to Thailand and moulder in the shacky but just viable refugee shanty-villages in the hard-scrabble uplands.

Realising that the policy of "throwing budget money at the problem" was not working, the Laotian government switched to a more "capitalist" stance — that is to say, monetary measures and fiscal reforms which accord more with the free market.

Budget expenditures were cut back, especially on the consumer-support side. Taxes were changed from "specific" (fixed per unit) to "ad valorem" (what the taxpayer can pay out of the income). The currency was devalued for a fresh start. Trade in agricultural goods was liberalised — and, also to help the farmers, imports were changed in character, directed more at serving the rural areas. Priority in public investment was shifted more toward irrigation and land reclamation. The city-bound administrators had learned their lesson — they may live and work in buildings, but the peasant can starve them out in a couple of seasons.

And in May 1978, the government asked in the IMF, which gave it access to a credit tranche and two loans. Food assistance from abroad increased, and the liberalisation measures for internal trading stabilised prices for quite a spell — up to the end of 1979, even although very bad weather prevented any rise in real farm output. The massive rise in export earnings helped. For a while, it looked as if Laos was out of the wood; foreign reserves rose considerably.

But internally, black market prices were still "way out of line" with official prices; farm yields were pitifully low (the ADB puts the rice yield in the country at 1,400 kilograms per hectare, against 3,000 in Indonesia and 2,850 in Malaysia); in the towns and suburban areas of the government-influenced areas, there was still high unemployment. Taking a ticklish step, the government "let it all hang out" in the price field — it let official prices whoop up to those of the free market. This was to give the producers a chance to make real money.

Things like "compulsory deliveries" were abolished. Taxes on farmers, which had been "ad valorem," were switched to a fixed acreage figure.

In 1980, the rice crop reovered somewhat, and for the first time in years self-sufficiency in basic foods appeared to be in sight. The state enterprises, working to realistic costs and charges, began to show some profitability. And the government budget actually showed a small surplus. There have been dampeners, however — the closure of the border with Thailand during last year, following stupid and mutually uneconomic hassles across it, hit exports significantly, and anyway the general world demand for commodities had begun to turn adverse. To add to the agony, oil prices went up again, and so import costs soared. The result — a US$128 million deficit on the balance of payments, which is the equivalent of a massive 44 per cent of the total gross domestic product!

Setbacks galore, therefore, for Laos, and perhaps one would not blame the government for thinking: "Well, we tried the mixed-economy way, and that doesn't work either." But the IMF — which, for all its hard-nosed appearance when it tells nations what they must do to "earn" its credits, is a sympathetic analyst of their troubles — is not at all gloomy about the future.

"There are encouraging signs," it says, "activity has been picking up, the role of each sector in production and trade has been clarified, and the authorities have shown their willingness and ability to adjust economic management in a pragmatic way." Food-grain self-sufficiency is near. Timber stocks are ready for the upturn in world demand (may it come soon...). Debt servicing is not a serious burden.

And, as the IMF well points out, Laos has substantial resources, a largely untapped hydroelectricity potential, and large areas of clearable, cultivable land. The government's plans for development sound remarkably like China's most recent strategies — the concentration of public investment on small-scale and easily implemented projects, which will have a real pay-off. The generation of domestic savings is vital, however, if the hesitant improvement in the country's macro-economic statistical picture is to continue.

One last look into the future. Assuming that the new policies of the Vientiane government do succeed, and the country is given enough peaceful time to develop its incredibly good resources, the big snag is its land-locked situation. Growling and snarling around its borders are Great Powers and Little Powers. If Laos is to remain a viable, whole-cloth country and economy, it needs, more than anything else, the cooperation of its neighbours and the distant centres of power that stir their fingers in the troubled broth of Indochina.

Can, indeed, the Vientiane government form a real unit, a collection of diverse people who will work together internally, too? All one can say is: "So far, so good." But the political problems are horrendous. For the bulk of the people, living in the highlands and lowlands, in the disaffected provincial towns, up on the ignored borders — these words I write, and the words the IMF writers, and the figures gathered by deedy statisticians, are all beyond the horizon of consciousness.

There is a long way to go.

CSO: 4220/507

PROPAGANDA AUTHORITIES TO CONTROL ALL FILMS, PROJECTORS, PUBLICATIONS

Vientiane VIENTIANE MAI in Lao 1 Apr 81 p 1

[Announcement by Vientiane City-Province Administrative Committee]

[Text] In reference to the order No. 380/VT, dated 20 March 1981, based on the present cultural and social conditions throughout Vientiane City-Province, and in order to improve such cultural and social condition so that it exactly corresponds with the new and progressive society, the Vientiane City-Province Administrative Committee hereby announces the following guidelines for the people and various private enterprises to comply with:

1) Any entrepreneur or private enterprise posessing any types of films, or film projectors, they must register such possessions at the Vientiane City-Province Propaganda Sector.

2) All registered or unregistered photo studios, tape-recording stores, bookstores, and newspaper stands must also report to the Propaganda Sector to register documents.

All registrations must be taken care of no later than 20 April 1981. Late registrations or non-registration will result in legal actions against such entrepreneurs.

For the entrepreneurs in the four districts of Vientiane, they can register their enterprises everyday during duty hours at the Propaganda Sector in Vientiane, on Khoualuang Street, opposite Kafa Camp. All others register their enterprises at their local Propaganda Committee within their districts.

Vientiane, 25 March 1981
The Vientiane City-Province Administrative Committee
(Signed) Thongpen Souklaseng

9013
CSO: 4206/51

FREE MARKET MERCHANTS WARNED ON LAW VIOLATION

Vientiane VIENTIANE MAI in Lao 4 Apr 81 p 1

[Announcement of Vientiane City-Province Administrative Committee]

[Text] To: All private traders in Vientiane City-Province

Subject: Sales or transfers of Stores and Shops

According to the unified agreements between the Industry and Trade Sector and the Revenue Sector of Vientiane, it has been observed recently by the former that the merchants at the Morning Market and other markets in Vientiane have violated the law, thus causing these problems for the law enforcement officers:

1) Trading without licenses, thus failing to pay revenue and excise taxes to the state.

2) Black market profiteering at state stores or free markets without informing the Private Trade Control Sector.

3) Selling low-rent state stalls to other merchants at higher prices without permission of the Vientiane Public Building and Grounds Sector.

4) Adding more tables to display goods without official permission. These are all illegal and must be stopped.

Following this announcement, any of the above violations will no longer be tolerated by the Industry and Trade Sector, the Revenue Sector, nor the Vientiane Public Building and Grounds Sector, but will be prosecuted by law. Stalls and goods will be in custody of the state until the termination of the cases. Fines will be levied in accordance with the law without appeal.

Vientiane, 17 March 1981
The Vientiane Administrative Committee,
(Signed) Bounthon Souphanthon

9013
CSO: 4206/51

BORDER DISTRICTS MEET, THAIS CRITICIZED

Vientiane VIENTIANE MAI in Lao 19 May 81 pp 1, 4

[Article: "Meeting Between Paksan District Chairman and Beungkarn District Officer"]

[Text] In the morning of 12 May 1981, the Paksan District Administrative Committee of Vientiane Province and the Thai government officials from Beungkarn District, Nongkhai Province, held a meeting in Paksan District, Vientiane, to discuss the local-level border problems between the two districts. The purpose of the meeting was to establish the Mekong River the river of peace and friendship, so as to ensure safety for the traffic in the river, and to comply with the content of the Lao-Thai communique signed in 1979 by Prime Minister Kaysone Phomvihan of the Lao People's Republic and Prime Minister Kriangsak Chamanan of Thailand.

The two parties at the meeting were led by Thongpen Souklaseng, Chairman of the Paksan District Administrative Committee; and Chou Chinkhachinthong, Beungkarn District Officer, Nongkhai Province.

During the meeting the Paksan Administrative Committee seriously expressed its desire to establish friendship between the two parties, particularly the desire to make the Mekong River the river of genuine friendship, so as to ensure safety and peace for the peoples on both sides of the river, and their peaceful use of the river. In addition, the Lao party also suggested that Thailand take stringent measures to prevent exiled Lao reactionaries and Lao bandits based in Thailand from crossing over to create chaos in Laos. Moreover, the Paksan District Administrative Committee asked Thailand (Bungkan District) to facilitate movement for peaceful communication between Thailand and Laos as peaceful, friendly neighbors.

Thai officials were reported to accept all conditions, which will be informed to their higher-ups.

It is known that since the upheaval in Don Sangkhi of Laos caused by Thai extreme rightist reactionaries, there have been local meetings between the Vientiane and Nongkhai provincial and district representatives, this being the second meeting. At each meeting Lao representatives always repeat their friendly and sincere intentions, and wish to build friendship between the two peoples based on the 1979 communique between their two prime ministers. However, the Thai extremist reactionary rightists lackeys of Beijing and America have never stopped scheming to destroy the friendship between the two countries. Worse, they provide support for the exiled Lao reactionaries, terrorists and bandits based in Thailand, to cross the border to disturb the Lao people, as has been reported many times.

9013
CSO: 4206/51

TAX COLLECTION, RICE SALES TO STATE REPORTED

Nation-wide Totals Reported

Vientiane VIENTIANE MAI in Lao 3 Apr 81 pp 1, 4

[Text] A Ministry of Industry and Trade report disclosed that as of March 25 the rice sales and agricultural tax payments by the multi-ethnic population at various production bases throughout the country had continued enthusiastically. According to the still incomplete statistics, the rice collected though sales and tax payments totalled 68,021 tons, and 33,291 of which were from rice sales alone.

On the whole, this year's tax payments and rice sales to the state have exceeded those in past years. The highest amount of agricultural taxes was paid by the people of Savannakhet, Houa Phan, Champassak, and Oudomsai Province; and the most rice sales were by the people of Champassak, Saravane, Savannakhet, and Vientiane Province. Rice sales and tax payments throughout the country have thus far continued extensively as a result of these people's voluntary enthusiasm and desire to utilize their production in the development of a richer and stronger nation.

Oudomsai Taxes, Sales Totals

Vientiane SIANG PASASON in Lao 4 Apr 81 p 1

[Excerpt] A report issued by the Oudomsai Agriculture Forestry and Irrigation Section has disclosed that as of March 27 of this year the agricultural tax payments and rice sales to the state by the farmers and people at various production bases in Oudomsai Province had proceeded with revolutionary enthusiasm. The province has succeeded in purchasing and collecting as tax payments a total of 5,089 tons of rice from these people and the farmers, 3,159 tons of which was tax. This met 92.69 percent of the plan.

Kasi, Vientiane Sales

Vientiane VIENTIANE MAI in Lao 13 May 81 p 1

[Excerpt] During the 1980-81 production season the farmers and members of the agricultural cooperatives in five cantons of Kasi District, Vientiane, enthusiastically and voluntarily brought their annual harvests to pay agricultural taxes, exchange, and sell to the state. They paid 103.569 tons in taxes.

It is reported that the people of Muangmet and Namon Canton paid the highest taxes, which totalled 33 and 28 tons respectively. The total rice sales amounted to 64 tons and 164 kilograms. In addition, these people brought a total of 218 tons and 679 kilograms of their surplus rice to exchange for goods from the state.

9013
CSO: 4206/51

FUNDING OF BINTULU UREA PLANT OUTLINED

Contract To Be Awarded

Kuala Lumpur BUSINESS TIMES in English 4 Aug 81 p 20

[Text]

THE main contract for the $300 million Asean urea plant in Bintulu will be awarded next January, according to the latest issue of *Nada Petronas*, a publication of the national oil corporation.

The plant, expected to be fully operational in 1985, will produce at peak capacity 1,500 tonnes of the nitrogenous fertiliser, urea, from 1,000 tonnes of ammonia a day. The ammonia will be derived from the natural gas available off the Bintulu coast where the plant is sited.

The Asean Bintulu fertiliser project, which has a total tab of $720 million, is Malaysia's choice for the Asean industrial joint venture scheme. Japan has pledged to lend a total of US$1 billion to help set up the ventures in the five Asean countries.

Indonesia has also opted for a urea plant while Thailand's choice is a rock salt-soda ash plant.

Singapore's diesel engine project is being implemented as a national scheme rather than one with Asean participation.

The Philippines which had changed their project from a pulp and paper plant to a copper fabrication plant now appears unsure whether to go ahead with it.

A joint venture agreement to establish the implementing agency for Malaysia's urea plant, Asean Bintulu Fertiliser Sdn Berhad, was signed in October last year.

The company was launched by then Prime Minister Tun Hussein Onn in April.

Malaysia as the host country contributed 60 per cent of the $200 million paid up capital for the company. Indonesia, Thailand and the Philippines contributed 13 per cent each while Singapore is a token partner with one per cent.

Japan has agreed to provide 48 billion yen or $500 million to finance the scheme which will meet about 70 per cent of the cost. Seventy per cent of this or 33.6 billion yen will be from the Overseas Economic Cooperation Fund at four per cent interest.

The repayment period is 30 years with a five year grace period. This is an untied loan except for the policy covering operating and engineering services for which bids may be invited from other LDCs.

The other 30 per cent of the funds (14.4 billion yen) will come from the Export Import Bank of Japan. The interest rate on this amount is 7.75 per cent with a repayment period of ten years.

The Exim loan is more or less tied to purchases of goods and services from Japan.

The fertiliser plant will enable Malaysia to save about $180 million a year in foreign exchange. About three quarters of Malaysia's fertiliser requirements of 800,000 tonnes a year are imported.

Glutted Urea Market Predicted

Kuala Lumpur BUSINESS TIMES in English 5 Aug 81 pp 1, 18

[Excerpt]

THE government should initiate consultations with the plantation industry and petrochemical firms to consider the use to be made of the "mountain" of urea the Bintulu plant is expected to produce.

In an interview with *Business Times* recently, the chairman of the Asean Chemical Industries Club and a director of ICI, Tan Sri Hamzah Sendut, also urged the government to consider drawing up a long-range plan for the development of the chemical and petrochemical industries in Malaysia.

Tan Sri Hamzah's suggestion for a forum on the uses of urea follows from his warning made at a Federation of Malaysian Manufacturers' conference in May that there would be a surplus of urea in the Asean region by the mid-1980s.

Assembling a body of experts from the Palm Oil Research Institute, the Rubber Research Institute, the Agriculture Ministry and chemical firms was necessary since the domestic consumption by present consumers of urea was projected to be only about one-third the production from Malaysia's Bintulu plant. The plant is expected to be operational by 1983.

Marketing the surplus on the world market would be difficult. This was because a host of other countries was producing and exporting urea too.

Tan Sri Hamzah thought that in the countries of South Asia, for instance, demand for chemical fertilisers would increase as their agriculture became more sophisticated and energy-intensive.

But, he pointed out, plants were coming up in West Asia which offered nearer sources of supply, "and to make it more complicated, national policies required each country to be self-sufficient in the basic fertilisers."

In the meantime, some producers in the Comecon countries as well as Taiwan had a tendency to sell urea and other nitrogenous fertilisers at prices below levels considered competitive. Any attempt on Malaysia's part to sell on the world market was bound to come up against such obstacles.

It would not help if ammonia, the starting compound, was converted into nitrogenous fertilisers other than urea for the export market so as to avoid having a surplus of urea.

Asked if it was feasible instead to divert part of the urea produced into the manufacture of urea formaldehyde and caprolactam, Tan Sri Hamzah said this could indeed be done but the amounts consumed within the country would be small.

It was, however, feasible to convert the ammonia into ammonium nitrate and ammonium sulphate to manufacture explosives. This would reduce the proportion of ammonia that would be converted into urea.

"The manufacture of ammonium nitrate, for example, is one that's being done now in this country by a subsidiary company of ICI in Shah Alam." Similarly, ammonium sulphate and explosives are being domestically produced.

These manufacturers could no doubt take a sizeable proportion of the ammonia that would be produced from Bintulu, he said.

There was evidence to show, he said, that the production of ammonium sulphate and ammonium nitrate could be doubled and the manufacture of explosives accelerated to meet growing domestic demand.

"For example, the construction of dams in Trengganu and elsewhere requires large amounts of explosives, most of which is imported from South Korea and Europe at this time."

However, he could not say whether the Bintulu plant as planned could be easily restructured to produce a different mix of chemicals. The Bintulu urea-ammonia plant is meant to have a daily output of 1,500 tonnes of urea from 1,000 tonnes of ammonia.

Tan Sri Hamzah was also asked if present domestic use of other nitrogenous fertilisers could not be substituted by urea. He discounted this on the grounds that different soil and vegetation types required particular fertilisers.

Such research as had been carried out showed that urea was suitable for use in wet areas, like padi fields, but not for dry lands. And, "to say that only one type (of fertiliser) shall be used for all types of agriculture is wrong."

The suitability of urea for padi agriculture, he conjectured, was the reason the government decided the Bintulu plant should produce urea in volumes as large as it has been planned to. "But what they'd not gone into was whether urea was good for all kinds of agriculture."

CSO: 4220/508

SLOW PROGRESS IN REDRESSING THE MALAY DILEMMA

Kuala Lumpur BUSINESS TIMES in English 17 Aug 81 p 20

[Article by Dilip Mukerjee]

[Excerpts] IN the next few days, *The Malay Dilemma* will appear in bookshops, following the lifting of the ban which has kept this book, first published in 1970, out of circulation all these years. As the distinguished author quipped at a Press conference in Jakarta last week, Malaysians would now have an opportunity to find out what their Prime Minister "thinks".

It would be more accurate, however, to say they would find out what the Prime Minister *thought* 11 years ago when he, in his own words, was outside the political establishment, and therefore needed to shout out loud to be heard.

The central point of the thesis is spelt out on page 61: "The dilemma of the Malays is that not only there is little effort to right the economic wrongs from which they suffer, but it is also wrong even to mention that economic wrongs exist at all. What is important, the Malays are told, is that Malaysia must prosper as a nation, and amateurs like them in business are not likely to contribute to this prospect.

"All these arguments are completely true. If no impediment at all is placed in the way of total Chinese domination of the economy of Malaysia, the country would certainly be prosperous. The Malay dilemma is that whether they should try to get at some of the riches this country boasts of even if it blurs the economic picture of Malaysia a little."

In other words, the dilemma — as it then was — consisted of choosing between maximum growth of national income without bothering about equity in the distribution of benefits among Malaysians, and a slower but more equitable growth.

The lack of equity was very pronounced when the book was written. In the year of its publication, the median income of a Malay household was only 44 per cent of its Chinese, and 61 per cent of its Indian, counterpart. In 1979, the corresponding figures were 52 and 63 per cent — showing that Malaysia was still far from attaining the *Rukunegara* goal of "creating a just society in which the wealth of the people shall be equitably shared."

The most recent data on detailed income distribution in Malaysia comes from the 1977 agricultural census, reflecting the situation obtaining in 1976. In that year, 683,300 households in Peninsular Malaysia were below the poverty line, or roughly one in three. Among the poor, taking both urban and rural areas together, 76 out of every 100 households were Malay, 16 Chinese and eight Indians and others. If rural areas, inhabited mostly by Malays are considered separately, 80 out of 100 poor households were Malays.

When Dr Mahathir wrote in 1970, the trickle-down theory of growth still held sway. This assumed that if nations concentrated on maximising their growth in aggregate terms, the benefit from this would automatically trickle down to the poor. But this was proved patently wrong when thoughtful economists looked at the outcome in countries where the theory had been most vigorously applied — as for example Pakistan under President Ayub Khan.

As Dr Mahathir has said, the change in Malaysian planning perspectives was due in some measure to his outcry in *The Malay Dilemma* on behalf of dispossessed Malays. One of the passionate pleas he made then was for disaggregated income data.

"Year after year, as statistics show increases in the living standards in Malaysia, no one dares to demand that figures be published on a racial basis. Everyone knows the average increase are misleading...the rapid increase of one community is made to appear as a moderate increase in the income of all communities."

As is only to be expected, some parts of the book are now outdated. In a gloomy prognosis of Malaysia-Singapore relations, for instance, he spoke of the danger of "a destructive confrontation" (page 186). This is no longer in prospect, with Dr Mahathir himself having taken the lead a few months ago to get more Singapore businessmen to acquire stakes in Malaysia.

Or consider the tolerance he was prepared to extend in 1970 to Ali-Baba arrangements in business. He argued then:

"In a country where 90 per cent of the wealth is in the hands of the Chinese, it is ridiculous to set up exclusively Malay companies which cater only for the poor Malays. For a business to prosper it must not shut itself off from the Chinese." On this basis, he came to the conclusion that "there is no justification for focussing so much attention on this abuse of Malay privileges." (page 46).

But those who have followed Dr Mahathir's recent pronouncements know how keen he is to stamp out the Ali-Babas. The change is not in his perspectives but in circumstances.

The difference is brought out by the fact that Bumiputra ownership of the corporate sector stood at 16.7 per cent in 1980, against a mere 6.9 per cent in 1971. The imbalance in other spheres is also being reduced, though not perhaps as fast as a legitimate concern for equity would require. This is why Dr Mahathir has set his new team the task of moving the count faster to the goals set under the NEP in terms of its twin objectives — the redressal of poverty among all Malaysians, and the ending of the historical handicaps afflicting the Bumiputras. — *By DILIP MUKERJEE*

CSO: 4220/508

PRIME MINISTER LECTURES CHINESE BUSINESSMEN

Kuala Lumpur NEW STRAITS TIMES in English 17 Aug 81 pp 1, 4

[Text] KUALA LUMPUR, Sun. — Datuk Seri Dr Mahathir Mohamad tonight urged the Chinese business community to fully participate in the New Economic Policy "both in mind and in spirit."

The Prime Minister said: "They should try to be less exclusive. They should not discriminate on the basis of race when it comes to employing staff and appointing agents and dealers, just as they do not discriminate in their search for customers."

Speaking at the annual dinner of the Associated Chinese Chambers of Commerce and Industry of Malaysia, he said the chamber was established to assist the Chinese business community.

"It is not formed to oppose the Government or Government policies," he added.

Benefit

"Once this is realised, it will be seen that the objectives of the chamber can be achieved not by blind opposition but by carefully examining Government policies in order to take advantage of these policies."

The NEP, said Datuk Seri Dr Mahathir, was no exception. "I am sure that once you get rid of the emotions which cloud your reasoning, you will discover how positive the NEP is and how it can help you and your business.

"There is in particular one aspect of the NEP which will certainly help every businessman."

The NEP emphasised growth as a means of bringing about equitable distribution of wealth.

"As businessmen, you must know that growth is the essence of business. Without growth, business will not bring commensurate benefit to the businessmen over time," he added.

"Indeed the business will, relatively speaking, shrink and lose. And as businessmen too you will appreciate that when there is growth, there will be ample opportunities for everyone.

"Everyone,' in the context of our New Economic Policy, includes the Malaysian Chinese business community," he said.

In formulating the NEP, the Government was committed not just to having normal growth but to stimulating rapid economic growth, he added.

It was within the context of this accelerated growth that the restructuring of society would take place.

Consequently, the Chinese business community would benefit from the NEP, that is, if they reconciled themselves to the policy and played a proper role.

He said: "Of course, we cannot rule out the possibility of certain mistakes occuring and misinterpretation to take place in the implementation of a policy.

"But these are not insurmountable. The Government has shown that it is willing to overcome any inadequacies and make the necessary adjustments.

"Thus, the Industrial Coordination Act has actually been amended twice.

"However, we must realise that there is a limit to making amendments."

On the other hand, he said, if the problems relate to implementation they could be attended to administratively.

"Again, if I may stress, what is needed is an open-mind and a rational approach on your part in solving problems which will be reciprocated by the Government," he added.

"Confrontation by you or by the Government is not the right thing to do."

Datuk Seri Dr Mahathir said: "There are things which we can change, but there are others which we cannot change. Once we realise that change is not possible, it is better that we reconcile ourselves to the existing and make the best of it.

"It is truly amazing how, once we reconcile ourselves to a situation, the problems become less formidable.

"The NEP, the Petroleum Development Act and the Industrial Co-ordination Act are policies and laws which are crucial not only for the credibility of the Government but also for the prosperity and future of our nation.

"To change or undermine them could only cause instability in the country.

"Such an event would do no one, least of all the Chinese business community, any good.

"Let us face this reality and make the best of the situation."

He was very happy to hear ACCCIM president Mr Wee Boon Ping speak about forging of a new relationship, "not based on emotions," between the Chinese business community and the Government.

"This decision on the part of Malaysian Chinese as represented by your Chamber is indeed significant.

"It may lead to a whole new era in which the Malaysian Chinese business community will play a more positive role in the economic progress of Malaysia."

The Prime Minister said ACCCIM should try to work more closely with the Malaysian International Chamber of Commerce and Industry.

"Then and then only will the objectives of the New Economic Policy be achieved rapidly.

"Then and then only will there be rapid economic expansion and take-off. And when this happens you will certainly reap a rich harvest."

CSO: 4220/508

RMAF PILOT TRAINING, AIRCRAFT PROCUREMENT PLANS

Kuala Lumpur BUSINESS TIMES in English 7 Aug 81 p 20

[Text]

THE Royal Malaysian Air Force's pilot training programme is hampered by a shortage of training aircraft and supporting staff, it is understood.

Its dilemma is further compounded by the crashing of yet another of its accident-prone Tebuans last Thursday during a training flight.

With that crash, the fleet of 20 Tebuan jets acquired in 1967 and used by the Kuantan-based 6th and 9th RMAF squadrons for counter-insurgency operations and training, is now reduced to eleven jets.

Aside from the Tebuan squadrons, the RMAF also uses the 13 Bulldog basic-flight (propeller-type) training aircraft based in Alor Star.

The RMAF is scheduled to receive another six advanced jet trainers of undisclosed make by 1983 and another six after 1983. The tenders for this supply closed on July 1 and it is believed that the actual purchase and delivery of these jets would not be made until after 1982.

The RMAF is also to receive a fleet of 68 refurbished ex-US Navy Sky-hawks now mothballed in Arizona. The deal was reported to be worth $400 million, and the Skyhawks are to be used both for operations as well as for training by the 6th, 9th and 11th squadrons.

Out of the 68 Skyhawks, 54 are to be refurbished as fighter jets and 14 as two-seater jet trainers.

The first batch of the order is for 34 single-seater fighters and 14 two seater trainers to be refurbished in the United States over a 30-month period. Delivery is not expected before the end of next year.

The remaining 20 would be assembled by the RMAF in Malaysia.

Contrary to earlier reports that the 14 Skyhawk trainers are to replace the Tebuans, these jets would be used to train only pilots earmarked to fly the single-seater fighter jets.

The 12 advanced jet trainers that the RMAF is buying are believed to be for replacement of the Tebuans.

The RMAF had earlier said it would not phase out the Tebuans, which are now used to train pilots who have logged 210 flying hours on the Bulldogs. The Tebuan training is normally for 85 jet conversion flying hours.

Despite suggestions from certain quarters to ground the Tebuans beecause of its crash record, the RMAF said it would not scrap these aircraft as it would hamper its pilot training scheme.

The RMAF is expected to train some 120 pilots (on a variety of aircraft) annually in its efforts to beef up its capability. In spite of the apparent shortage of training aircraft, the RMAF sources insist that there would be no cutting back on its pilot training scheme and that it would "make do with whatever we have on our hands," including the accident-prone Tebuans.

They dismissed claims that the Tebuans were obsolete and non-serviceable. They maintained that no Tebuan took off when it was not in serviceable condition, implying that the nine crashes to date which had killed nine pilots were not due to equipment failure.

Aside from training its pilots on its own aircraft, the RMAF also sends its trainees overseas to acquire the skills but the number so trained is not disclosed.

In addition to its pilot training programme, the RMAF is also stepping up training of its supporting staff. Currently it is believed the RMAF is short of 2,700 technical staff. Some of the technical trainees have been sent overseas and about 500 have completed their 13-month stint in the United States and had returned recently.

CSO: 4220/508

AIR SUPPORT COMMAND MARKS FIRST ANNIVERSARY

Kuala Lumpur BUSINESS TIMES in English 6 Aug 81 p 6

[Excerpts]

AS A young lad, he had loved the uniform and believed a great future was to be found in the newly-formed Royal Malaysian Air Force. In 1959 he signed up as the first RMAF engineering cadet and Brig-Jen Mohd. Muslim bin Ayob has never looked back since.

With determination and grit, he emerged as one of the top students of his time and was selected to further his cadet training at the RAF Technical College in Henlow, England where he obtained the higher diploma in electrical engineering (aircraft) in 1962. In 1973, he became the first Malaysian director of engineering holding the rank of colonel (air).

Then it was to the National Defence College of India and when he returned in December 1978, he was assigned to lead the Air Support Command, a project to enhance the RMAF's capability to support itself in training and logistics.

AFTER functioning for only two years on an *ad hoc* basis, the Air Support Command was officially established on Aug. 6 last year with the newly-promoted Brig-Jen Mohd Muslim as the first Air Officer Commanding (Panglima).

Brig-Jen Muslim, as those working under him will testify, is a man who is satisfied with nothing less than perfection.

He is determined that the ASC — performing the dual function of providing command services to the logistical, training and special units placed under it as well as to its sister command (the Operations Command) with trained human and material resources — shall give of its best at all times.

The ASC will be built in three phases.

It is currently in its first phase with the headquarters in Sungei Besi. It is also busily planning its second phase (1982-1984), when it should be fully effective to perform its assigned roles and functions.

In its third phase (1985 and beyond) the air support would probably decentralise itself into two groups, namely maintenance and training, to keep pace with the rapidly-expanding air force.

The aircraft overhaul depot (Airod), the RMAF's pride, is an example of the logistics unit which provides important support to the operational activities by way of overhauling and repairing aircraft, engines and components.

The Airod has been expanding rapidly since it began operations in 1976. "With adequate technical expertise, it will be possible for the RMAF not only to undertake major repairs and overhaul but also to assemble or manufacture aircraft under licence when required by the government," he says.

The supply depot is another logistical unit which ensures the provisioning, warehousing and distribution of all spares for the variety of aircraft and associated equipment operated by the air force.

The other major activity is training or human resources development which covers the entire spectrum from the basic recruits and cadets right up to tertiary education for the RMAF men and officers.

The basic training of potential RMAF pilots, advanced training for pilots earmarked for transport and fixed-wing aircraft and the traning of flying instructors are done at the RMAF base in Alor Star.

There are plans to increase the usual 40 to 60 students per intake for the basic course.

The RMAF Kluang, which is responsible for the training of helicopter pilots, trains 20 students per intake for the basic course.

The school also takes in students from the RMAF Alor Star after their completion of the basics for the advanced flying course.

Meanwhile, the training of engineering, supply and administration personnel, including command and staff training of junior officers, is the forte of the RMAF Kinara.

Plans are underway for the school which has trained more than 8,000 personnel since it started in 1963, to be moved to Gong Kedak by 1983.

The main recruit training centre is the RMAF Ipoh which was opened this year to provide military training for in-service personnel.

Meanwhile, the Air Defence School in Bukit Jugra, the Fire Training School and the Air Traffic School in Kuantan are new schools which will soon come under the command.

Additionally, the command has special units assigned to it such as the Institute of Aviation Medicine which provides air crew medical services not only to RMAF pilots but also those of MAS, the DCA and private pilots.

There is also the RMAF volunteer reserves which will be reorganised to form the air force reserves.

The RMAF ground defence regiment known as the Handau is the latest organisation assigned to this command.

CSO: 4220/508

MEDICAL ASSOCIATION CRITICAL OF PUBLIC HEALTH SERVICES

Kuala Lumpur NEW STRAITS TIMES in English 1 Aug 81 p 19

[Text]

KUALA LUMPUR, Fri. — The Malaysian Medical Association (MMA) has suggested the reappraisal of the country's health priorities saying that it's medical services "are breaking down."

In an editorial in its latest newsletter, the association said the medical services face a bleak future with problems posing a major threat to the development and growth of the nation.

"We cannot any further put off a major reappraisal of health priorities and of the new directions and possibilities in the delivery of health care," it said.

"Health investment is essential if we are to meet national objectives. Both poverty and the differential capabilities of different sections of our community represent also a problem of bad health."

'Disappointing'

MMA also pointed out that health planning is suffering from an over-centralised administration under a civil service bureaucracy which lacks both expertise and understanding of health problems.

The association also commented on the lack of consideration of the long hours and demands imposed on doctors whose remuneration was equivalent with the civil servants.

It said that it was the remuneration factor that prevented specialists from being adequately compensated because the civil servants would be "upset by any increase in remuneration to doctors."

MMA also noted that the Health Ministry is at the point of losing "the few remaining senior specialists in its service."

"Morale in all sections is poor indeed, with a dramatic increase in private medicine which is priced beyond the reach of the vast majority of our citizens," it added.

Commenting that the Fourth Malaysia Plan "is a disappointing document as far as health is concerned," the association said the allocation for health has continued to represent a smaller and diminishing percentage of the total allocation for development.

"Nowhere in the FMP are there indications of the awareness of the serious state of health problems and of our failure to tackle them in terms that are adequate for our people and consonant with our resources," MMA added.

On young doctors who form 70 per cent of those in the service, MMA said a majority intend to resign shortly — "at a point when they are just beginning to become useful physicians."

Collapse

It expressed regret over the collapse of the post-graduate training programme and the total "disappearance" of development expenditure in the FMP.

The association also said it has for a decade asked for a Royal Commission of Health which until now has still not been granted.

"It is a strange situation when united professional advice in the community is ignored on a matter as important as this even when all that is asked for is an inquiry into new directions and new possibilities," it said.

The association also said its Report on the Future of Health Services has proposed to eliminate geographical differences and social class as a factor in health and in access to good health care.

CSO: 4220/508

ROAD CONSTRUCTION HAS NOT PRODUCED EXPECTED BENEFITS

Kuala Lumpur BUSINESS TIMES in English 13 Aug 81 p 15

[Article by Aditya Man Shrestha in Katmandu]

[Text]

NEPALESE villagers believe a modern road will bring prosperity to their doors. So does the government which believes that a road is a panacea to all the problems affecting most of Nepal's hitherto inaccessible villages.

But a close socio-economic study of an area exposed by modern road for the last eight years explodes those rosy myths.

The study reveals that there has been no change in social customs, behaviour and the villagers' lifestyle after the road was constructed.

Economically, some market centres sprouted along the new road without any direct economic benefits to the people. The traditional vocational pattern did not also record any significant change.

The study was conducted by the Ministry of Food and Agriculture to find out the extent of benefits derived by the people in the vicinity of the road which opened in 1973.

The road in question is known as the Prithvi Highway that runs for about 120 kilometres from Kathmandu to Pokhara, a sprawling valley west of the Nepalese capital.

The road, built with Chinese assistance, cuts through the mid-hills of Nepal and stands as a catalyst in breaking down the physical barriers of impassable mountains.

After surveying four local village *panchayat* (council) areas belonging to four different districts (administrative units), the study sadly concludes that the farmers near the roadside, contrary to general expectations, have not adopted any new crops.

New technology has marginally affected the farmers. Development of roads, says the study, is a necessary ingredient for agricultural development but not a sufficient condition for its adoption, particularly in the hills. A road cannot naturally induce agriculturists to adopt new technology unless there is irrigation.

More than 70 per cent of the surveyed land was devoted to cereal grain production like padi, wheat, maize and millet. Cash crop was of low priority that reflected the poor savings potential in that area.

The incentive to develop horticulture was found too low as the areas under study had no link road to get an easy access to the highway. Fruit cultivation, although favoured by climate, was negligible from a commercial point of view.

The main problem was how to transport the produce from the scattered villages up to the highway.

Commercial crops suffered, according to this study, from the lack of irrigation on the production side and from the lack of low-cost supplementary transportation on the market side.

The new road construction could not even improve the employment situation. The study admits that its impact on employment opportunities in the non-agricultural sectors has been negligible. It is only in the proliferation of shops that showed a noticeable growth in the area.

No breakthrough could also be made in the field of cottage and small-scale industries in that area, the report points out.

It was generally assumed that a transportation facility would help divert the exess labour force in land to other sectors of the economy, raise the income level of the farming villagers, enable them to use improved seed and fertiliser and finally push up agricultural production.

But the study findings belie the hopes of the planners to yield those benefits from the development of transportation facilities.

In this context, the study has posed a serious question as to the justification of the road construction in Nepal. A kilometre of paved road costs one million rupees (US$82,645) in Nepal.

When the opening of the road is not giving a fair return to the people in the area, should it not be considered socially unfeasible, concludes the report in a despondent note. — Depthnews

CSO: 4220/509

BANI SADR'S BEHAVIOR CRITICIZED

Lahore NAWA-I-WAQT in Urdu 27 Jul 81 p 5

[Editorial: "Bani Sadr intends to establish a parallel government"]

[Text] According to preliminary reports about presidential elections in Iran, the Islamic Republican Party's candidate, former prime minister Mohammed Ali Rajai won the elections by a huge majority. According to a Radio Tehran news report, he received 90 percent of the vote. Other reports state that the ousted President Bani Sadr, has announced his intentions to establish a parallel government and that he has appointed Mas'ud Rajavi, leader of the guerilla organization, Mujahedin-e-Khalq, for prime minister of this government. He has asked his newly appointed prime minister to begin a civil war against Rajai's government. If these reports are currect, then it can only be said that it is a great misfortune for the Iranian people. It is true that Bani Sadr is well known as an educated man, and well aware of the necessities of the present times since he is a moderate. But after having been ousted, if he has really begun a struggle against the Iranian ruling party, this is not a positive sign. As a realistic person he should admit the fact that he had the confidence of Khomeyni, and that Khomeyni himself felt relieved to be rid of him. He should have kept quiet after leaving the presidency and let Khomeyni do whatever he wanted. But if he has chosen the way to a civil war, then we can only say that bloodshed is wrong. It would be an unjust deed against the Iranian nation.

When Bani Sadr can see with his own eyes that he lost the support of the father of the nation, then he should not resist. Resistence would be costly for the nation that has already been economically weakened. There is a need for peace and tranquiluty and unity to restore the weakened economy. Sacrifice is the need of the times and all the leaders, including Bani Sadr, should recognize this need and work together for the betterment of the nation. If Bani Sadr claims that 80 percent of the people had elected him as their president, then 90 percent of the same people chose his rival Mohammed Ali Rajai.

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CSO: 4203/113

'DAWN' OUTLINES DEVELOPMENT PLAN FOR BALUCHISTAN

GF221355 Karachi DAWN in English 20 Sep 81 p 5

[Report by Shamsul Haq Khan: "Strategy for Uplift Plan in Baluchistan"]

[Text] Baluchistan, the largest province of the country, has been suffering from age-old neglect and backwardness. It has a vast area, scattered population and little infrastructural facilities essential for development. The province bestowed with valuable resources continues to strive to catch up with the developed parts of the country.

During the past 33 years, main emphasis has been laid on overcoming major problems including road communications and supply of water and power.

The federal government has paid special attention to the province for bringing about overall development. It has been supplementing Baluchistan's budgets so that it might make rapid progress. The current year's annual budget, for instance, entails the largest outlay of funds in the history of the province. The total appropriations under development and revenue budget amount to RS 1,794.490 million with RS 500.150 million for development and RS 1,294.340 million for revenue expenditure.

Last year's budget was prepared with a total amount of RS 1,467.910 million and as such the budget for the current year shows an increase of RS 326.580 million.

Besides a normal annual development program, entirely financed by the federal government, a special development plan has also been prepared by the provincial government in consultation with the federal government. This special plan of the size of RS 19,393.260 million with foreign exchange component of RS 4,657.860 million has to be carried out with the assistance of friendly countries and international financial institutions. Response from the international community has so far stated to be encouraging.

The strategy of the special development plan is to execute a blend of projects which will provide quick economic and social benefits to the inhabitants of Baluchistan and at the same time offer such facilities which are essential for the development of natural resources. The bulk of investment in this plan will be utilized for the development of water and power resources, construction of new roads and promotion of industrial and mineral development.

The Baluchistan government has held detailed discussions with various foreign missions and delegations during their visits to the province on various projects to ascertain what contributions, in individual cases, they could make.

As a result of these discussions the Kuwait fund has made a commitment for providing RS 130.200 million for rural electrification program in Baluchistan. This project envisages the supply of electricity to 300 villages for domestic and agricultural purposes. Water and Power Development Authority [WAPDA] will execute this project.

The Kuwait fund will also provide an amount of RS 140.300 million for water supply schemes of Quetta and Gaddani. The work on Quetta water supply schemes will be implemented by Quetta Development Authority while that of Gaddani will be undertaken by Baluchistan Development Authority. The Kuwait fund is also expected to provide an amount of RS 90.500 million for small irrigation schemes of the province.

The British Government has agreed to extend financial assistance to the extent of RS 80 million to WAPDA for undertaking construction of transmission lines for linking Killa Saifullah to Zhob, Kashmore-Sui-Derabugti and Khanozai to Ziarat. Similar negotiations have also been made with Japanese and West German governments.

So far as the current year's annual development program is concerned, it has been prepared keeping in view factors such as protection to aided projects, ongoing projects which are in advanced stage of execution, key program relating to output in the short run and a few schemes accorded high priority by the provincial government.

This program is stated to have been designed with certain aim in view. The main effort is to be directed towards consolidation through completion of ongoing schemes. Short gestation projects which have a direct and immediate impact on raising the living standard of the people is to be given priority. The development of water resources, agriculture and communications sectors are to be adequately catered for. Social sectors are to be given additional weightage. Special provision for removing regional imbalance is to be made and the involvement of local council in development efforts is to be ensured.

Despite the efforts made from time to time for the overall development of the province, nothing substantial appears visible on the ground. This may be because of several factors, one of which is the vastness of the area with scattered population and inadequate means of communications area-wise it is so large a province that any amount of funds pumped into it for development would be like a drop in the ocean.

Lack of trained manpower is stated to be another factor which has been responsible for the slow development of the province. Shortage of science teachers, lady doctors, lady health visitors and other technical staff, especially in the interior of the province, is posing a big problem. If trained personnel are not available locally, the only remedy appears to be the recruitment, wherever feasible, from other provinces.

In view of the situation, the government has taken steps to establish training institutes for teachers. Paramedical schools for health technicians, vocational institutes for artisans and polytechnics for skilled personnel.

With increased educational facilities in schools and colleges, the province has been facing the problem of finding jobs for its unemployed graduates. An 'employment cell' is functioning in the province to facilitate the jobseekers to get into various services in government departments, corporations and banks. Recruitment teams belonging to autonomous bodies under federal government as well as corporations and banks have been visiting Quetta to interview candidates for various jobs.

The decision of the government to associate elected representatives in local bodies with planning and development efforts could be of far-reaching impact. It is hoped that huge funds pumped into Baluchistan would be utilized judiciously. Proper check is, however, necessary to ensure that every paisa that is spent does not go to waste and the province is enabled to join the developed parts of the country without much delay.

CSO: 4220/1

STANDING LABOR COMMITTEE DISCUSSED AT CONFERENCE

Karachi MORNING NEWS in English 15 Sep 81 pp 1, 10

[Text] Islamabad, Sept. 14: The inter-provincial labour ministers conference held here today decided to set up a standing labour committee of the tripartite labour conference so that a regular forum is provided to undertake continuous dialogue with workers and employers.

The conference was chaired by the Federal Minister for Labour, Manpower and Overseas Pakistanis, Mr Ghulam Dastgir Khan.

It also approved the setting up of a Social Security Council at the federal level to periodically review and appraise the working of the social security schemes in the country.

It decided that the working of the labour courts in the provinces should be improved. Expeditious disposal of cases by labour courts should be ensured.

It decided that funds be provided from workers welfare fund for construction of community and recreation centres for the workers. The Provincial Governments were requested to forward their detailed schemes in this behalf.

The conference decided to launch phase II for the collection of data for the national talent pool.

It decided that a coordinating agency should be set up to coordinate the activities of the Provincial Minimum Wage Boards.

Workers Education

It was also decided that Federal Government will set up four centres for workers education, one in each province.

Addressing the conference the Federal Labour Minister directed the Provincial Governments to set up such centres in the labour intensive areas of their respective provinces with emphasis on backward areas.

He called upon the officials of Labour Departments to infuse the spirit of Islam in the workers to make the process of Islamisation in the country a success.

He said that it was equally the responsibility of the industrialists and employers to take care of their employees and provide them all possible facilities.

The Minister said that the country stood at the threshold of economic autarky. We only needed to revive and relearn the lesson of Quaid-i-Azam when he stressed upon the nation to work hard.

He said that the national salvation and economic independence lay in increasing production and productivity. He noted with satisfaction that the workers had come to realise this, and the latest figures showed that production had increased and strikes had declined over the last four years. Similarly investment climate had shown considerable improvement.

He exhorted the employers to make use of this opportunity and to work for further cementing their relationship with the workers and to come forward for investment in the national economy. They should make use of the generous concessions granted for that purpose.

Healthy Trade Unionism

Mr Ghulam Dastgir Khan advised workers to pursue healthy trade unionism. He said that pursuit of healthy trade unionism and to meet its day-to-day requirements was in itself a stupendous task. Any mixing of politics in trade unionism necessarily would add to this onerous and nation-building task. It was, therefore, only proper that workers should devote themselves to the constructive work of trade unionism at this stage and refrain from mixing politics in trade unionism.

The conference which lasted about six hours was attended, among others by the Labour Ministers of Punjab and NWFP, Federal Secretary Labour and Provincial Labour Secretaries.--APP.

CSO: 4220/2

BALUCHISTAN RECEIVING ATTENTION

Karachi MORNING NEWS in English 17 Sep 81 pp 4, 6

[Article by Lt.-General Rahimuddin Khan, Governor of Baluchistan]

[Text] The present Baluchistan province of Pakistan which comprises the former British Baluchistan and the four Princely States of Kalat, Kharan, Mekran and Lasbela, enjoys a very important strategic position on the world map. On its west it adjoins Iran and in the north Afghanistan. The three other provinces of Pakistan, Punjab and Sind, are on its east side while to the south its 350 miles long seashore is washed by the Arabian Sea, very close to the strait of Hormuz at the mouth of the Gulf.

While on the one hand Baluchistan is the biggest province of Pakistan spread over an area of 1,34.052 square miles which makes about 44 per cent of the total land area of our country, on the other its total population according to present estimates is about three million. The population, mainly made up of three major linguistic groups is further divided into tribes and clans, a part of which is migratory.

The elevation in Baluchistan ranges from sea-level to a height of 11,000 feet resulting in diverse climatic conditions in different areas. One can always see a contrast of high mountain ranges and long stretches of plans interspersed with fertile valleys and sandy deserts. Scanty rainfall, averaging two to eight inches annually, in different areas and almost non existant of perennial sources of water have further added to the unfavourable natural phenomena. All these factors and the tribal system prevailing in the province naturally cast their shadows on the process of development both at planning and execution stages.

But they are not the only factors. There are other factors which include lack of data, resources and trained people, limited market, made quate means of transport illiteracy and unfavourable social conditions.

Inherited Problems

All these problems are centuries old and Pakistan inherited them from the British. The then British Baluchistan was ruled through a highly centralised but small administration which was defence-oriented. Thus the province remained deprived of educational, political, social and economic development. No doubt, some strategically important railway lines and roads linking Sukkur with Quetta and Quetta

with Chaman on the Afghan border and Nokkundi on the Iranian border were constructed, but these links were developed primarily to facilitate the movement of troops in times of emergency. Other transport and communication requirements needed for the socio-economic development of the province were totally ignored.

Outside the British administered area the Princely States were ruled in the traditional tribal manner with no interest in development.

It will be of interest to know that the British had designed the administration of this area from a political angle. All efforts were made to keep the tribal system alive and this aim was achieved by giving stipends, privileges, pensions and grants to tribal chiefs and making them directly responsible for the maintenance of law and order in their respective areas of influence.

This was the state of affairs in Baluchistan when Pakistan came into being in 1947. The administrative structure remained the same upto 1955 when this region was merged into one integrated Province the former province of West Pakistan. No significant development however, took place between the period 1955-70 inspite of the fact that the region had received special attention in both the Second and Third Five Year Development Plans. It is quite clear that lack of infrustructure and institutional arrangements hindered the development effort.

The absence of private investment also prevented sustained economic growth because the internal socio political conditions within Baluchistan did not permit free exercise of choice by private enterprise from other areas. Consequently no large "lead centres" and "springs of growth" were created both in the public and private sectors to have a competition-oriented development effort in the vicinity of their location.

Provincial Status

Baluchistan was given the status of a full-fledged province after the dissolution of the single integrated province of West Pakistan (the One Unit, as it was then called) in 1970. The initial period was devoted to the establishment of proper administrative machinery followed by efforts aimed at bringing the people of Baluchistan into the socio-economic mainstream of the country. The pace of the desired and much-needed development, however could not be accelerated to the full extent due to many reasons emerging from the socio-economic factors as well as the political system which prevailed in the country during the period (1972-77).

Although the development allocation rose to 296.6 million in 1976-77 compared to 134.1 million of 1972-73, no visible change was seen in the life of the common man. Much of the money was wasted on political considerations and an integrated Community Development Programme failed to take a course the right direction.

The present Government assumed power in July, 1977. It had no political designs and was determined not to repeat the mistakes of the previous Government. Accordingly, it took positive steps to rehabilitate those persons who had sustained losses under the previous Government for political reasons. At the same time it fixed its own priorities for a balanced and continued development of Baluchistan keeping in view its preculiar conditions in context of its tribal system,

environment and resources. The Government felt that the province badly needed economic infrastructure social overheads and finance. Necessary steps were, therefore, taken to frame and implement the policies in a way to ensure a sustained growth of the provincial economy.

During the last four years the Government has provided liberal allocations for the development of Baluchistan. Out of a total allocation of more than Rs. 4 billion provided during this period 2.420 billion were provided for Federal development projects, while 1,670 billion went to the Provincial ADP. The non-development expenditure was in addition to it.

The development allocation for 1980-81 was to the tune of more than Rs. 1,320 billion which is a record. Out of this amount over 890 million were provided for Federal development projects while the Provincial ADP received Rs. 427 million.

Thus, it will be seen that Baluchistan started receiving special attention under the present Government and the funds provided for the development of the province during the period 1977-81 has no presedence in the past.

Economic Conditions

In spite of the accelerated development efforts made for the province during the last few years, the present economic conditions are still unsatisfactory. The transport and other infra-strucure net-works are still deficient and there is very little economic activity outside the agriculture sector which is still backward.

Similar is the base with the industrial sector. A few small-scale industrial estates have been established but they are not functioning properly for lack of adequate infra-structure facilities. The number of large-scale industrial units is still less than 20. In the mineral-based industrial projects namely the mini steel mills, Saindak copper and cement plant are still in the initial stages.

As far as the social sectors are concerned some progress has been made but the province continues to lag far behind the rest of the country in several respects.

Infra-structural deficiencies are more pronounced in the province due to its large area. Despite the fact that the province has today a total length of about 7000 miles of roads about 1700 or roughly 25 per cent road length only is metalled. In the power sectors the percapita electricity consumption is only 23.8 kwh per head as against a national average of 115.3 per head. Statistics in this regard may be a little misleading because Baluchistan has a very small population of 4.3 million with a very large area and the per capita consumption of electricity would not really indicate the true state of affairs.

Development Strategy

Since the present Government is committed to the speedy development of Baluchistan efforts have been made in a number of sectors specially power and road communications to induce development. Incentives in various shapes such as tax holiday, exemption of customs duty etc. have been provided to attract private enterprises to Baluchistan. Similar steps are being takeniin other fields of nation-building to ensure an effective and fruitful process of economic growth.

The enormous potential for development exists in the following sectors:

Agriculture: It is the largest and perhaps the most important sector of the Baluchistan economy. Presently it comprises about 40 to 45 per cent of the gross provincial product. The area of alluvium and valley floors is about 30 million acres. Half of this area is suitable for irrigation without much land improvement effort. The remaining area can be brought under cultivation with some land levelling and improvement. The present cultivation is confined to only about 3 million acres, which is 10 per cent of the cultivable waste of 30 million acres.

Livestock: The other potential sources of economic development is the livestock sector. The province of Baluchistan is a pastural country, rich in livestock wealth. The livestock industry of Baluchistan has an average annual potential of producing 48,000 metric tons of meat, 8,000 metric tons of wool, 200,000 metric tons of milk, besides 2 million hides and skins.

About 80 per cent of the population is engaged in livestock raising. In orchard growing areas, the farmer's incomes are supplemented by income from livestock. The majority of stockowners are poor landless and nomadic. Any effort to develop this sector, therefore, goes directly to help the poor.

Two of the major projects in this sector are pilot Karakul sheep breeding project and livestock development project including the establishment of a feed mill and artificial insemination facilities.

Fisheries: The fish industry ranks high in the economy of the coastal area of Baluchistan. It provides employment opportunities to the local people. The present annual catch of the coastal area of Baluchistan is about 70,000 metric tons valuing about Rs. 85 million.

Mining and Industry: Baluchistan is rich in minerals such as marble, chrome, baryte, sulphur, coal and copper. It has a number of medicinal plants such as ephedra. It is right in livestock wealth and because of the long coast, it is also rich in the field of sea fish.

Incentives to Investors

With the amount of incentives now being provided by the Government, it should be possible to attract the private sector to set up industries of the following types.

Industries based on local based raw materials such as mineral processing, fruit processing, tanning and leather products, wool spining and woolen textiles, pharmaceuticals, glass sheet and agro-based industry dairy products, poultry feed and fish processing industries.

Industries based on imported raw materials such as dry battery cells, poly products (plastic works) and re-rolling mills.

To achieve the objectives of a continuous development in the above-mentioned sectors, the importance of infra-structure facilities cannot be denied. The Government has, therefore, chalked out comprehensive short and long-term plans for the development of water resources in province. These sources are:

(a) Surface water available from the perennial and non-perennial rivers/channels, etc.

(b) Under-ground water.

(c) Rain water.

While the flow of water is being increased in the small rivers/channels that we have in Baluchistan through recharging process by constructing checkdams, the underground water is being used through tube-wells. On the other hand, steps are being taken to encourage construction of earthern dams and bunds to store rain/food water and use it for irrigation purposes.

Quetta was linked to the national power grid some years back. Now the transmission lines are being extended to the interior of the province including Kalat, Khuzdar, Killa Saifullah, Zhob and Loralai to use electric power for running the tube-wells for irrigation and drinking water purposes.

In the communication sector, some important roads which have been declared national highways by the Federal Government link Baluchistan with other provinces of the country. They are the RCD Highway, Quetta-Sibi-Jacobabad-Rohri Highway, Quetta-Chaman Highway and Quetta-Zhob-D. I. Khan Highway.

The exploitation of water resources, the power expansion programme and the construction and improvement of highways and other provincial roads are under way to provide the much needed infra-structure which will pave the way for the future economic development of the province.

It is very encouraging that many friendly countries including the US, the UK, West Germany and Kuwait have shown interest in the development of this province and we hope with their assistance and help that the pace of development will be further accelerated filling the gap between Baluchistan and other developed parts of the country.

People's Role

One thing I must stress is that the most important role in the development process has to be played by the people of Baluchistan themselves. Some vested interests are against the development of Baluchistan and want to continue their exploitation of the people even in this 20th century. It is encouraging that during the last four years the people of Baluchistan have ignored such people, maintained complete law and order and, as a result, the development has shifted from paper to the ground. I hope the people of Baluchistan are going to continue that positive approach in the future also. They are as good Pakistanis as those living in other parts of the country. They have realised that the development of Baluchistan is not possible without their active co-operation and I am happy to say that they have shouldered their part of the responsibilities honestly and devotedly.

I hope with the passage of time new vistas of prosperity will open up in different spheres, enabling this province and its people to play their role more effectively for the welfare and prosperity of Baluchistan and Pakistan as a whole.

Before I conclude, I must address the students of Baluchistan who are the future hope of not only this province but of Pakistan also. Some of them have been misled by empty political slogans in the past and the educational process has been harmed. Their majority have, however, shown a positive attitude and have taken interest in their studies. I hope that they will devote their energies to their studies to equip themselves with the qualities which the province expects from them become good scientists, doctors, engineers and administrators and play a role which their well-wishers have always visualised for them.

CSO: 4220/2

GOVERNMENT PLANS NO BANKING IN PRIVATE SECTOR

Lahore THE PAKISTAN TIMES in English 15 Sep 81 p 1

[Text] KARACHI, Sept. 14: The Federal Finance Minister Mr. Ghulam Ishaq Khan, has said that Government had no intention to rush in with the process of Islamisation. He made this statement after presiding over a meeting of the Governing Council of the Design Institute of Pakistan.

The sacrifices Islam expects from its followers, the Muslims are reluctant to make and that explains our policy of gradualism in the introduction of reforms.

While we believe in a totally interest-free economy, the Minister added, it cannot be brought about overnight. The PLS scheme has succeeded in mobilising Rs 350 crore in the first eight months of its operation and will show a much better performance in the future.

The Government, he said, had no intention allowing banks to be opened in the private sector.

Mr. Ghulam Ishaq was confident that Pakistan will achieve its cotton production target of 46 lakh bales this year improving its last year's production and continue maintain its second leading position as an exporter of cotton in the international market.

The Federal Minister, has underlined the importance of industrial designing not only as an export promotional device but also an instrument of the country's cultural projection abroad.

A national design policy was on the anvil and the budget for the institution for coming years has already been approved.

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CSO: 4220/2

DETAINED VESSEL, CREWMEMBERS IN OMAN TO BE RELEASED

GF221610 Karachi DAWN in English 20 Sep 81 p 4

[Text] A special team of the Federal Investigation Agency [FIA] will leave for Oman soon to bring back the Pakistani launch "Al-Asad" and the Pakistani and foreign currency worth about RS 17 million along with 11 crewmembers detained there for a fortnight, it was learned.

No date has yet been fixed for the departure of the team headed by Deputy Director Rifat Pasha of the immigration and antismuggling wing of the FIA. But the team has been advised to proceed with the investigations of the case at this end, before leaving for Oman.

The navy of the Sultanate of Oman had earlier seized the launch "Al-Asad" for illegally entering into Oman's territorial waters. However, as a gesture of good will, the Oman authorities have decided to hand over the entire case to the Pakistan Government for further investigations because no "extradition treaty" exists between the two countries.

The FIA State Bank (?circle) also associated with the probe of what was described as a big case of 'flight of capital,' has almost completed its preliminary inquiries and has questioned the customs and other officials about issuance of port clearance certificate to the launch.

According to reliable sources the customs had issued a port clearance certificate for fishing in Sonmiani area within Pakistani waters after the nakhuda [captain] of the launch "Al-Asad" had shown him the certificate of fishing from the Fisheries Department and documents of Karachi Port Trust and Mercantile Marine Department.

But the launch went into the international waters almost unnoticed with huge currency dumps and was ultimately caught by the Omani Navy. The coast guards equipped with a fleet of high-speed boats and two helicopters also failed to intercept the launch while crossing the Pakistani water despite patrolling.

The FIA team hopes to make a thorough investigation into the circumstances that enabled the launch to load the currency and then slip into the international waters without any check.

It may be mentioned that the customs have no means to check on the high seas. They can only patrol within the harbor or in nearby coastal areas with their existing speedboats.

CSO: 4220/1

BRIEFS

AFGHAN REFUGEES AT 2.2 MILLION--Islamabad, Sept. 14: The total number of Afghan refugees in various refugee tentage villages established by the Baluchistan Government up till August 31 this year is 4,38,071. The number of Afghan refugees registered in the province of NWFP until August 31, 1981 is 18,59,639 while the total number of Afghan refugees in northern areas is 1,057. This brings the total number of Afghan refugees in the country to 22,98,767.--APP. [Text] [Karachi DAWN in English 15 Sep 81 p 1]

MIANWALI COAL--Lahore, Sep. 18: A new coal deposit of about five million tons has been discovered near Munara in Mianwali district, the Punjab Minister of Industries, Malik Allahyar Khan, disclosed here today. Talking to a delegation of industrialists and mines owners, the Minister said that the new coal mines will go into production by the end of the current financial year yielding about 15,000 tons of coal per year. The yearly production, he expressed the hope, would rise subsequently to 50,000 tons. He said coal production at the existing mines is also being improved considerably. The Minister said that in addition to seven exploratory projects already undertaken by the Punjab Mineral Development Corporation, six commercial projects had been established for exploiting and marketing the minerals of gypsum, silica sand, lime-stone, coal and fireclay in the province.--APP. [Text] [Karachi DAWN in English 19 Sep 81 p 1]

AFGHAN REFUGEES IN BALUCHISTAN--September 14: With over 4.50 lakh Afghan refugees already living in 45 tent villages along the border with Afghanistan (in Baluchistan) there is a steady stream of new arrivals from across the border. The exact number of those living in the tents will be available soon as the counting operation has begun. The counting is also essential to ensure that the population of each tented village does not exceed 10,000 because the facilities being provided to each village are for that number. A village administrator supervises the provision of drunking water, medical care, primary and religious education etc. At the moment each Afghan refugee is provided 16 kilos of wheat, six kilos of sugar and Rs. 50 a month in pocket money. Various other relief items provided by international welfare agencies are also distributed among the refugees through the U. N. High Commission office here. [Text] [Lahore THE PAKISTAN TIMES in English 15 Sep 81 p 5]

SOYBEAN CULTIVATION--Pakistani Food and Agriculture Minister Vice-Admiral Mohammad Fazil Janjua said that soybean has been imported to combat the shortage of foodgrains in the country and if it proves popular it will be extensively cultivated as it is a rich source of protein. [GF201853 Karachi JASARAT in Urdu 18 Sep 81 p 10]

ACTIONS OF ILLEGAL GOVERNMENT--The president of the puppet regime has been called to Moscow to exchange views on the proposal of the European Common Market presented to Moscow by British Foreign Secretary Lord Carrington. But sources close to the Afghan Freedom Fighters say that in fact, he has gone to Moscow to present to the Soviet government documents pertaining to the transfer of the strategically important Wakhan Strip, bordering on Pakistan and China, to the Soviet Union. The version of the Freedom Fighters appears closer to the truth, because "His Master's Voice" the Kabul radio has termed the presentation of the documents to the Soviet leader Brezhnev an important historical decision. The statement of the Kabul radio though is an act of flattery towards its Communist masters, since this whole affair is the result of force and oppression and is illegal and will not be accepted not only by the Freedom Fighters but also any impartial country. It also reflects the utter helplessness of the puppet Afghan regime and is in accordance with the traditional expansionist tendencies in the world today. Any action of an illegal government cannot be legal. [Text] [Lahore NAWA-I-WAQT in Urdu 29 Jul 81 p 3] 9778

IRON ORE DEPOSITS FOUND IN BALUCHI--Eighteen million tons of good quality iron ore deposits have been proved in Naukundi and Peshin Koh areas of Baluchistan. A spokesman of the Pakistan Industrial Development Corporation (PIDC) told Radio Pakistan representative that prospects of 100 million tons of iron ore reserves are there in the area. He said PIDC had been conducting iron ore exploration in Baluchistan to meet the requirements of the Pakistan Steel Mills. American consultants have been engaged for testing of Naukundi iron ore. The supply of indigneous iron ore deposits proved by PIDC in Baluchistan will replace partially imports saving sufficient foreign exchange, he said.--APP. [Text] [Karachi MORNING NEWS in English 13 Sep 81 p 1]

THATTA CEMENT PLANT PRODUCTION--Hyderabad, Sept. 12: Mr Ashraf W. Tabani, Sind Finance and Industries Minister, today said that the Rs. 63 crore Thatta cement factory is to start trial production in January next year. Addressing councillors of the Thatta district, at the District Council Hall Thatta, on the fifth day of his six-day long Hyderabad Division tour, Mr Tabani said that the factory was to begin full-fledged and regular production of three lakh ton cement from April 1982. On completion, in all 450 experts and manual workers are to get employment in the Thatta Cement Factory. Export certain posts of experts, the rest of the workers would be preferably appointed from the local areas, he added. The Thatta Cement Factory will be the first industry of the country which is to produce slag cement, besides the common quality cement production. The slag cement is to be produced by consuming the waste of the iron ore of the Pakistan Steel Mills. The Provincial Finance Minister further said that the factory had already entered into a formal agreement with the Pakistan Steels. The cement produced by consuming slag will be cheaper. This will lower the expenses incurred on construction of pucca houses. The technique has been beneficially used by certain western countries, in constructing multi-storeyed buildings. [Text] [Karachi MORNING NEWS in English 13 Sep 81 p 8]

SMUGGLER ARRESTED--The local CIA staff received a tip that accused Mohammed Akram of Dera Ghazi Khan has ties with some smugglers. He came to Lahore in connection with the purchase of some smuggled goods. Police surrounded the GTS bus station. As soon as the accused came to the bus station, police searched him and found 44.50 kgs of silver which the accused was said to be taking with him to his home town of Dera Ghazi Khan. Police believe that the silver was smuggled from India. [Text] [Lahore NAWA-I-WAQT in Urdu 28 Jul 81 p 4] 9778

CSO: 4203/113

GOVERNMENT EYES ELIMINATION OF COCO SUBSIDY

Manila PHILIPPINES DAILY EXPRESS in English 8 Sep 81 p 10

[Text] THE government price support scheme for a coconut farmers may either be replaced or totally eliminated, soon.

This was the indication the *Express* got recently from official sources who confirmed reports that the Philippine Coconut Authority (PCA) has been instructed by the Executive Committee to study the feasibility of replacing or eliminating the price support scheme for coconut farmers.

Under ths scheme, the PCA, through buying stations controlled by the United Coconut Oil Mills (Unicom), buys copra from farmers at P1.85 a kilo or P0.45 more than the prevailing market price of P1.40 a kilo.

PCA started implementing the scheme last year in a move to cushion the adverse impact of depressed world coconut oil prices on the incomes of coconut farmers.

• • •

MEANTIME, 15 members of the Batasang Pambansa recently asked Prime Minister Cesar Virata, head of the Ex-com, to suspend the government price support scheme to ensure the viable operation of Unicorm, a consortium of local oil mills.

In a petition to the Prime Minister, the assemblymen claimed that the continued imlementation of the scheme "will only result in the bankruptcy of Unicom.

They added, however, that "without doubt our coconut farmers are the beneficiaries of such a program... We are aware of the immediate consequences of the withdrawal of the price support."

The assemblymen admitted that the suspension of the scheme will immediately reduce the income of coconut farmers.

They explained, however, that if Unicom were allowed to be profitable now, its profits can be "translated into higher prices for farmers." - R. Perez

CSO: 4220/2

WHITE PAPER ON CHINESE BUSINESSMEN CAUSES FURORE

Kuala Lumpur BUSINESS TIMES in English 13 Aug 81 p 6

[Article by Manolo B. Jara in Manila]

[Text]

A "WHITE paper" detailing alleged financial skullduggeries by Filipino wheeler-dealers of Chinese descent has rocked Manila's usually placid and highly secretive Chinatown.

The publication of the White Paper came at a time when the country's financial and business community was still trying to recover from a severe shock arising from the so-called Dewey Dee caper.

Ironically, the White Paper was not meant for general circulation. It was prepared for "internal use" only by the country's largest private commercial bank to guide management in its business dealings with the Chinese community.

But its eventual publication resulted in a flurry of activities that saw:

■ Central bank governor Jaime Laya ordering an investigation into the veracity of the charges;

■ A Filipino columnist warning of a possible bloody racial strife involving the "natives" and Filipino-Chinese residents.

■ The author of the White Paper fleeing the country with his parents because they feared for their lives.

The White Paper accuses Mr Dewey Dee and his "Magnificent Seven" — all big names in the business community — of economic sabotage ranging from dollar and textile smuggling and massive swindling to arson.

Mr Dee hurriedly left the Philippines early this year, leaving behind huge personal debts variously estimated from 600 million to 1 billion pesos (US$80 million to US$133 million). He is now said to be in Haiti.

His departure left his creditors, some of them lending institutions, literally holding an empty bag and teetering on the brink of collapse and bankruptcy.

According to the White Paper, the Dee group was considered by the Chinese community as "a disgrace." For one thing, the members "are rather arrogant and extremely extravagant in seeking out pleasure and the good life. They have projected a bad image of the Chinese community in the minds of many," it says.

The document added: "These people befriended certain government officials and used the special relationships for personal benefits and undue advantage. The Chinese community feels uncomfortable that these relationships were used to cover illegal activities like black market foreign exchange operations, smuggling and even arson."

It cites one instance involving a member of the Dee group. The well-known businessman has been described as the "godfather" of the lucrative dollar black market syndicate.

"He collects protection fees but would from time to time find ways to get extra money from the group," it says. "He once instigated the military authorities to arrest (name withheld for publication) on charges of economic sabotage for his black market dollar transactions and later collected US$1.2 million from the group for representation."

The 13-page White Paper, marked "Private and Highly Confidential," is replete with such titbits of information. And Philippine newspapers have gone to town printing such titillating information, quoting liberally from the document.

The central bank has stepped into the picture by ordering an investigation into the charges. But competent observers maintain that nothing would come out of the probe, particularly that of dollar smuggling.

"If at all, the central bank investigation would only force the syndicate to lie low, only to resume operation when things have cooled down," one businessman told *Depthnews*.

But a more grievous implication has been raised by columnist Jesus Bigornia of *Bulletin Today*. In his column last July 22, Mr Bigornia warned:

"The history of the Philippines is replete with accounts of bloody risings in which angry Filipinos (naturals or natives), having lost hope and patience, rose up as one man and massacred intruding aliens in their midst.

"On three widely-separated occasions in 1624, Filipino 'natives' gave vent to pent-up frustrations on the flourishing Chinese settlements at the Parian district in what is now the Mehan Gardens, killing, looting and burning."

He also cited instances of the bloody racial riotings in recent times involving the Chinese and the "natives" of Malaysia and Indonesia.

"Now beginning to feel the adverse effects of the financial skullduggeries perpetrated by the younger crop of Chinese wheeler-dealers," Mr Bigornia continued, "Filipinos are beginning to ask if they are not being discriminated against in favour of Filipino citizens by convenience.

"The latest government decision to pour public funds into distressed companies, most of them Chinese-owned, that have been brought to bankruptcy by mismanagement of their owners, is raising a lot of resentment."

According to Mr Bigornia, "If the Dewey Dees have sowed the seeds of suspicion and hate, it is the duty of their progenitors, the highly respected and ultra-conservative Chinese businessmen, to pitch in and help the government mow the sprout before they flower and seed again."

A similar fear has been raised by the White Paper. It cites the general feeling in the Chinese community that such actuations "will invite unfavourable reaction from the Filipinos."

"The credibility of the whole Chinese community is being questioned and at stake," it concludes. "The majority of the legitimate and honourable traditional Chinese businessmen are all affected. Everybody believes that it will take a long time to cure the damage wrought." — Depthnews Asia

Black Market in Dollars

Kuala Lumpur BUSINESS TIMES in English 14 Aug 81 p 1

[Text]

MANILA, Aug.13

A THRIVING US dollar blackmarket allegedly run by influential Chinese businessmen in Manila and Hong Kong is threatening the Philippine financial system.

Activities of the syndicate came to light recently in a so-called white paper prepared by the respected bank of the Philippine Islands.

The confidential paper, leaked to reporters, named a group of Chinese bankers in Manila as being behind the racket. Tagged as the *Magnificent Seven Dollar Godfathers*, the group allegedly has connections in the government of President Ferdinand E. Marcos.

Prime Minister Cesar Virata, however, dismissed the white paper as nothing but a mishmash of coffee shop talk, rumours and speculation.

"The blackmarket operation in practical terms, cannot be stopped," said Mr Virata, who also is Finance Minister. "There will always be a need to pay for smuggled goods which cannot be obtained from the official system."

The Philippines has tight currency restrictions and practises import controls, contributing greatly to the blackmarket trade where the peso is exchanged 10 to 20 per cent higher than the official rate.

The racket has considerably weakened the peso — now pegged at US$7.93, or depreciation of 7.4 per cent since the turn of the year.

The weakening has contributed to inflation, now running at 12.4 per cent annually as of June. Since the dollar bought in the blackmarket is used to buy highly dutiable luxury items smuggled in, the operation has sapped a prime source of government revenue.

Published estimates say the blackmarket turnover at any given day is anywhere between US$5 million and US$10 million.

For a while it seemed the furor caused by the white paper would die down. The man who prepared the white paper, Esteban Penasy, a Filipino of Chinese descent, reportedly fled to Taipeh fearing for his life.

The paper came at a time when the 63-year-old Marcos had just been elected to a new six-year term. Mr Marcos, who has ruled the country since 1965, half of the time under martial law which was lifted in January, had promised to eliminate corruption in his new administration.

But Aug. 3, the blackmarket racket blew wide after airport authorities arrested a Chinese woman, Lee Liong Ho, while she was attempting to smuggle to Hong Kong $1.01 million stuffed in two suitcases.

Authorities said Mrs Lee has implicated four still unidentified Chinese businessmen, one of whom has reportedly slipped out of the country.

Authorities said the money Mrs Lee carried was part of the blackmarket proceeds. It was to be used to pay for smuggled textiles and electronics goods from Hong Kong.

Chinese involvement in blackmarketing goes back to the days following the communist takeover of mainland china. Overseas Chinese used an underground network to send money to their relatives on the mainland.

When Peking set up a bank in Hong Kong and money could be officially remitted to relatives in China, the network folded up — but only momentarily. It was to be revived in the face of lucrative business arising from import and currency controls in many countries, including the Philippines, at a time when most currencies were facing a battering.

Center of the illegal operation in the Philippines is the seedy Chinatown in the heart of the capital, where plain looking offices transact business anywhere between Manila and San Francisco.

The Chinese operators work with efficiency that would light the eyes of the most jaded Wall Street banker. For the right price, the operators will deliver money within hours of lifting a telephone. No need for telegraphic transfers or confirmations, which take days.

For clients traveling abroad, particularly to Hong Kong, a calling card will do the trick. A note on the card, for example, saying, "deliver 10 boxes of sardines" would mean $10,000 for the holder.

The operators raise hard currencies, mostly dollars as it is strong now, legally through their banks, through dollar deposits or by misdeclaring or underpricing imports through collusion with overseas traders.

The alternative to blackmarketing is costly for most Filipinos. Officials say it would mean the abolition of import controls and a substantial devaluation of the peso to discourage imports, giving rise to a runaway increase of prices of prime commodities. — UPI

CSO: 4220/510

NEW PEOPLE'S ARMY FINDING SUPPORT AMONG MINDANAO CHRISTIANS

Kuala Lumpur BUSINESS TIMES in English 10 Aug 81 p 6

[article by Jeremy Toye in Davao City]

[Excerpts] A BITTER struggle for control of largely Christian areas of the troubled southern Philippines is being waged by an array of forces whose complexity makes the long-standing Muslim conflict there look simple.

For many years, the efforts of the Moro National Liberation Front (MNLF) to win greater autonomy for the south have attracted attention to Mindanao and its outlying islands.

The struggle is watched closely by the Islamic states which provide much of the Philippines' oil imports.

Yet the Muslims of Mindanao, through a decades-long process of encroachment by Christians from other parts of the archipelago, are now a minority of some three million in a population of more than 10 million.

"President (Ferdinand) Marcos placates the Muslims because he's afraid of the Islamic states," observes Mr Samuel Occena, a Davao member of the opposition Mindano Alliance. "He can take the Christians for granted."

Yet over the past year or so, the large proportion of the Philippine armed forces based in Mindanao has had to contend with not only the Muslims but members of the communist New People's Army (NPA) and associated groups.

Born out of old communist and nationalist forces based in the central Luzon plains around Manila, the Maoist NPA has spread across much of the Philippines over the past few years.

Its bands of young people have found fertile ground among many of the small Christian communities of Mindanao.

"The NPA has been running the show in some areas around Davao for years," says one administration official in Davao, a huge city which encompasses many villages. "They even have their own medical units."

The NPA warns corrupt local officials three of four times, then doles out instant justice: "There is only one sentence," says a sympathiser, "death."

Some praises for the activities of the NPA can be heard from a surprisingly broad range of individuals, many of whom would appear to have nothing to gain from the long-term Maoist aims of the NPA.

"The NPA has been able to do something about such things as cattle rustling — and fast," says a middle-class social worker in Davao.

Lt-Col Wilfredo Cruz, chief of the security forces in Davao municipal area, says: "Security has been increased for the entire region, besides two battalions of paramilitary constabulary, we have been given a battalion of marines. And we have the use of two helicopters."

Lt-Col Cruz says operations have been "very, very successful", including the capture recently of the regional chief of the communist party of the Philippines, Benjamin de Vera, and the killing of his Davao subordinate.

He says the military has documentary evidence that the NPA and the MNLF cooperate with each other but adds that "there has been no encounter where there has been a combined force."

He attributes the increased NPA activity to the transfer of its Mindanao headquarters from Cagayan de Oro in northern Mindanao to Davao in the southeast, and to increasing pressure on NPA forces in the central Philippines.

Others, including some Catholic church groups, attribute the increased activity to the more favourable climate for revolutionary movements caused by government economic polices.

In particular, they cite the trend towards the creation of plantations in Mindanao to produce export crops such as bananas, pineapples and palm oil. Traditional landholders are often displaced or turned into labourers on low pay.

"The present economic structures of Mindanao reveal elements that have frequently been identified as major sources of social unrest and mass movements," says the "Mindanao Report" produced by the church-backed AFRIM Resource Centre in Davao city. "The root of the problem is the monopoly control over human and natural resources by a few individuals and corporations is a reality."

The government argues that large-scale development is the only way to tap the island's potential wealth.

The NPA has also been joined by small groups of guerillas declaring allegiance to the Social Democrats and calling themselves The Sandigan.

The security forces themselves operate on many levles, from the disciplined marines through regular army units to paramilitary constabulary groups, police, civilian home defence volunteers and the sinister "Lost Command."

Lt-Col Cruz says he and his military colleagues are determined to prevent military abuses and to conduct civic programmes to improve relations with the local communities.

No one claims the guerillas are in a position to implement their Maoist revolution but there is little doubt that they express grievances held by much of the community, including affluent businessmen who resent Manila's reluctance to listen to their complaints.

There is even some talk of a republic of Mindanao but it will probably never come to that, precisely because Mindanao and its agricultural and mineral resources make it a vital part of the Philippines. — Reuter

SWEEPING REVISION OF JUDICIARY SYSTEM PLANNED

Kuala Lumpur BUSINESS TIMES in English 12 Aug 81 p 6

[Article by Joel Palacios in Manila]

[Text] THE Philippine government is about to embark on a sweeping revision of the country's clogged judiciary system, prompting speculation that many of the 1,600 judges may lose their jobs.

The National Assembly approved last month recommendations of a special committee created by President Ferdinand Marcos to abolish all the lower courts, leaving only the supreme court and the "people's court" which handles graft and corruption.

Taking their place will be trial courts, some of which will be put on circuits, with intermediate appellate courts handling appeals.

But the most controversial aspect is that President Marcos has been granted the authority to appoint new Judges to operate the system.

Although the government has said the aim is not to remove judges from office but to improve and streamline the administration of justice, many still view it with scepticism.

The proposals are expected to bring about major structural changes in the judicial system and have been strongly criticised by lawyers' associations, civic groups, academics and some constitutionalists.

The most vocal criticism has come from the Integrated Bar of the Philippines (IBP), an influential association of lawyers, and the University of the Philippines Law Centre, which called the move unconstitutional because it "strikes at the very core of the principle of security of tenure guaranteed by the Constitution to ensure the independence of the judiciary."

Ms Florida Ruth Romero, director of the law centre, said the revision legislated the judges out of office regardless of their individual quality, probity and efficiency, as there was no assurance they would be re-appointed.

"It is to be admitted that there are some members of the bench who do no credit to their honoured positions but there are administrative remedies to discipline or remove them," she said.

The Judiciary Reorganisation Act of 1980 was introduced in the National Assembly last year on instructions of Mr Marcos who had created a committee to formulate guidelines.

The committee, composed of members of the supreme court and the Justice Minister, recommended a change in the structure, organisation and composition of the judiciary. This was made the basis for legislation introduced by the ruling New Society Movement in the Assembly.

Among other things, its aim is to streamline the structure of the courts and to minimise concurrent jurisdiction which is now in use under Philippine laws.

At the same time, it sought the adoption of a three-tiered courts system.

Proponents of the new system said it would lessen the number of appeals and cut down the stages leading to a final settlement. The system would enlarge the appellate jurisdiction of the intermediate appellate court and lessen the case load of the supreme court.

Proponents also said their recommendations were based on "improving the administration of justice, of de-congesting judicial dockets, and of coping with the more complex problems of the present and the next foreseeable future."

Critics say that the proposed structure is not radically different from the present set-up and that it is difficult to conceive how the reorganisation can relieve the congested courts, which now have some half million cases outstanding.

"It is feared that particularly within the first few years of the implementation of this Act, the problem of congestion may be tremendously aggravated," the law centre said.

It said that if the judiciary were to be reorganised, the cardinal purpose should be to strengthen the system and then upgrade its quality, efficiency and facilities, which could be accomplished through statutory reform without undermining the independence of the judiciary.

"Assuming that the proposed judicial reform will achieve its goals of speedy and efficient justice, still we believe the independence of the judiciary far outweighs the anticipated effects of reorganisation," the law centre said.

Mr Ysidro Perez, the IBP president, said that if the proposals would involve weeding out misfits, "then it is not a question of how many or how few will be weeded out for being unworthy in the judiciary, as considering its role in society, even a few are in fact too many.

"The most vital component in the judicial system is still the Judge and therefore, in the ultimate analysis, what counts for an impartial administration of justice is the quality of the individuals who dispense it which can only be as high or as low as that of the environment that gives it birth or nourishes it," he said.

IBP proposed that all Judges of inferior courts would be entitled to automatic re-appointment when the law came into effect or appointment to comparable positions under the court system, except those who had pending administrative charges against them.

— Reuter

CSO: 4220/510

FIVE-YEAR ENERGY PROGRAM APPROVED; OIL STRIKE OFF PALAWAN

Kuala Lumpur BUSINESS TIMES in English 15 Aug 81 p 1

[Text]

MANILA, Aug. 14

THE Philippine Cabinet has approved a 43 billion peso five-year energy programme to develop alternative energy sources for the country.

Prime Minister Cesar Virata told a Cabinet meeting the programme seeks to reduce the country's dependence on imported oil by replacing it with such other energy sources as geothermal coal, alcogas hydropower, dendrothermal biogas and nuclear.

Mr Virata, who is also Finance Minister said foreign loans of five to eight billion pesos at a year will pay for the programme.

"The loans will come from the World Bank, the Asian Development Bank and others," he said.

The programme includes the drilling of 25 oil and gas wells every year offshore of Palawan Province in western Philippines and the drilling of 70 geothermal wells a year.

It also includes a nuclear plant to be set up in Bataan Province, northwest of Manila, set to be operational by 1984, and minihydroelectric plants. One such plant has been set up in Camarines Sur Province, southeast of Manila and 10 others are to be set up soo. A number of additional units are to be bought from China.

Mr Virata said he hopes that by 1986 the country will need foreign oil to meet only 37 to 45 per cent of its energy needs.

The figures he gave were updated from previous energy programmes drafted earlier by the government. An earlier programme released in the middle of last year had projected for instance that by 1985 the country would need to import oil for 41.3 per cent of its energy needs.

The previous programme had also projected the drilling of only 19 oil and gas wells on average every year from 1981 to 1985 and an annual average of 79 geothermal wells a year.

■ A new oil strike off the south-western Philippine coast was announced yesterday.

Philippine Energy Minister Geronimo Velasco said Philippine City Service Inc., a drilling consortium, hit the 11th oil discovery in offshore Palawan island last week and has scheduled additional tests to establish the magnitude of oil deposits.

"It is the first time we have been able to flow oil from a sandstone deposit and it is so far the deepest well, reaching down some 12,141 feet and over 1,000 feet or water," Mr Velasco told the Press.

Named the Galoc Well-1, the oil find was confirmed after seven drill stem tests at the sandstone layer, about 120 kilometres north-east of the first discovery oilfield, Nido-1. Other oil finds are on limestone or reef structures.

Aside from City Service, other members of the consortium are Husky Oil Oriental Petroleum and Minerals, Philippine Overseas Drilling Company, Basic Petroleum and Landoil Resources. Consortium sources said investments in oil exploration and drilling of Galoc-1 had reached US$16 million.

Of the 11 oil wells here, four are now in commercial production with a daily combined output of from 3,000 to 4,000 barrels, the official *Philippine News Agency* (PNA) said.

Two other oil wells are expected to go on commercial production late this month, the PNA said. Another well is expected to be put on steam middle of next year.

The country's 17 oil service contracts call for the drilling of 27 wells this year, 20 of them offshore. — AFP

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POLITICAL CLIMATE, TAX INCENTIVES ATTRACT FOREIGN INVESTORS

Kuala Lumpur BUSINESS TIMES in English 4 Aug 81 p 6

[Article by Salma Khalik in Singapore]

[Text] SINGAPORE'S political, social and economic stability enhances its potential as a suitable location for the set-up of manufacturing companies. This is the conclusion of foreign investors who have been flocking to Singapore in the past years.

Singapore's thriving manufacturing sector depends very heavily on massive injections of foreign funds. Five countries alone account for 81 per cent of the Republic's total foreign investments and 83 per cent of its total manufacturing output.

What are the main factors attracting the large capital inflow to Singapore?

With the exception of the Germans, the Republic's stable political climate is considered the most important deciding factor.

Potential investors are attracted by the integrity and efficency of the Singapore government and the liberal policy in attracting foreign investments. They are also influenced by those investors who have set up shop here.

The Germans place tax incentives at the top of their list of priorities with political climate in second place.

The researchers feel that tax incentives ranked second to political climate as a factor influencing foreign investments here as a safety measure against any cut or cancellation of existing privileges.

The government's commitment in encouraging greater foreign investment is reflected in the country's concessions of tax incentives. They help publicise its policy and the kind of investments desired.

The Economic Development Board has named 13 areas given priority by the government. The list comprises entirely of highly skilled manufacturing industries.

At the moment, the bulk of the foreign investments or about 41 per cent (1979 figures) go into the petroleum industry.

The remaining 59 per cent are found in electronic products (15 per cent), non-electrical machinery (7 per cent), transport equipment (6 per cent), precision equipment, photographic and optical goods (4.3 per cent), metal and metal products (4.1 per cent) and wood and cork products (3.5 per cent).

American and British companies, unlike their Japanese and German counterparts, place much emphasis on the freedom of equity participation.

According to the report, this is because the former are more experienced in international operations and want full control of their strategic policies in the allocation of markets to various subsidiaries, transfer pricing and the repatriation of profits.

The Japanese and Germans, on the other hand, tend to shy away from 100 per cent ownership and prefer joint ventures which do not require much initial capital investment. However, the Japanese, with more experience now, are showing a growing preference for wholly-owned and majority-owned firms. But the 60.8 per cent of wholly woned Japanese companies set up here since 1970 is still not comparable with America's 85.2 per cent.

While foreign investments in Singapore are growing rapidly, the trend towards greater foreign dominance seems to have been reversed.

The increasing dominance by the foreign sector reached a peak in 1978 with commitments amounting to 94 per cent of Singapore's total. This fell to 86 per cent in 1980.

This large inflow of foreign funds gets official government encouragement for both the technology and the markets they bring with them.

One of the ways of transferring technology is by replacing expatriate managers with Singaporeans.

According to the report, the Americans are more willing to employ local managers than the Japanese.

A study of 77 Japanese companies in Singapore showed that 83 per cent of their managers are Japanese, with only 17 per cent Singaporean managers.

In contrast, the Americans have only 18.2 per cent American managers and 81.8 per cent local managers.

The Europeans also employ local managers, but to a lesser extent with 59.3 per cent of managers being European and 40.7 per cent locals.

The basis of comparison, however, is not uniform. The survey on the Americans and the Europeans was based on three companies from each group, compared with 77 companies in the Japanese case.

The Japanese preference of giving key top postions to their own people does not promote the transfer of expertise which the Singapore government seeks.

The chances of Singapore executives of multinational corporations "migrating" into local industries through spin-offs from new ventures from wholly-owned foreign subsidiaries or joint ventures are slimmer in Japanese companies.

The value added per worker in Japanese companies is the lowest amongst American, British, Japanese and West German concerns here.

The highest value added per worker comes from British companies with a high $59,842 followed by the Americans with $41,351.

Both the Germans and the Japanese lag behind. The Germans, with value added per worker of $15,686, are marginally better than Japan's $15,241.

In terms of output per worker, a similar trend prevails. American companies obtain an output per worker of $196,682 and the British $161,558, compared with $47,937 for the Japanese and $33,486 for the Germans.

But in terms of capital expenditure per worker, the Japanese, with $4,799, beat both the Germans, $2,746 and the British, $3,401. The Americans maintain the lead with a capital expenditure per worker of $7,328.

The National Wages Council's corrective policy, started in 1976, has made potential Japanese investors more cautious about putting their money in Singapore.

While total foreign investments last year rose by 53 per cent, investments from Japan fell by more than half the 1979 figure. This prompts the question of whether new investment commitments from Japan will decline further in the 1980s.

According to the report, the Japanese consider wage costs only fifth in terms of importance.

Like most foreign investors, the primary concern is the political climate here, followed by tax incentives, free repatriation of profits and the availability of the Generalised System of Preferences.

The report lists a number of external factors that could affect the inflow of funds from Japan.

These include the question of whether the Japanese will prefer to invest in the other low-wage Asean countries, and if the growth of Japanese investments in China will affect its ability to inject funds elsewhere.

Another factor is Japan's possible decision to invest more in the industrial countries in an attempt to stop growing protectionism in those countries.

Should Singapore, as the host country, give more thought to the role of non-equity investments in the manufacturing industry, for example in licensing agreements, management contracts and turnkey projects?

MEAN WEIGHTS OF FACTORS UNDERLINING DECISIONS TO INVEST IN SINGAPORE

Factors	Mean Weights				
	All Countries	American	British	German	Japanese
Political Climate	4.41	4.57	4.50	4.00	4.20
Tax Incentives	3.81	3.86	3.00	4.75	3.60
Free Repatriation of Profits	3.56	3.86	1.25	3.25	3.00
Freedom of Equity Participation	3.52	4.07	4.50	1.50	2.40
Wage Costs	3.30	3.42	2.75	3.50	2.80
Stable Currency	3.07	3.36	3.00	3.25	2.20
Industrial Supporting Facilities	2.93	3.42	2.25	2.50	2.40
Generalized System of Preferences	2.52	2.50	1.75	2.75	3.00
Double Taxation Agreements	2.11	2.36	2.25	1.50	1.80
Other Companies from Same Country are Here	1.93	2.07	1.75	1.25	2.40
Availability of Local Capital	1.52	1.57	1.75	1.00	1.40

Source: Chui Lin Fee. The Effects of Tax Incentives on Foreign Investments in Singapore. Academic Exercise, Department of Business Administration, University of Singapore, 1978/79.

THE PRIORITY INDUSTRY GROUPS

1. Automatic components
2. Machine tools and machinery
3. Medical and surgical apparatus and instruments
4. Specialty chemicals and pharmaceuticals
5. Computer, computer peripheral equipment and software development
6. Electronic instrumentation
7. Optical instruments and equipment including photocopying machines
8. Precision engineering products
9. Advanced electronic components including wafer fabrication
10. Hydraulic and pneumatic control systems
11. Aircraft-related products
12. Oilfield equipment
13. Key supporting industries for the above

Source: Singapore Economic Development Board. Singapore Investment News, Jan 80.

DEVELOPMENT CAPITAL TO BE MOBILIZED THROUGH TAX INCREASES

Kuala Lumpur BUSINESS TIMES in English 7 Aug 81 p 2

[Text]

COLOMBO, Aug. 6

THE Sri Lankan government is working on ways to boost taxation in the November budget to mobilise more local capital for development and to meet IMF guidelines, Finance and Planning Minister Ronne de Mel told *Reuters* in an interview recently.

This is in response to suggestions at a July Tokyo meeting by the Sri Lanka aid group of governments, which lend to the country under the auspices of the World Bank. They said Sri Lanka should reduce its balance of payments deficit and a budget deficit heading for US$1 billion, as well as mobilising more local money to finance development.

Mr De Mel said a working party is studying possible fiscal change and has presented its preliminary report. Final suggestions should be available later this month.

"Changes will be largely in the area of taxation," Mr De Mel said, but refused to give details.

An IMF team is in Colombo to review the economy and further tranches of funds are due to be released under the extended fund facility, one before the Nov. 15 budget and another after.

IMF funding resumed last month, following a freeze in July, 1980, of extended fund payments in the face of a mounting budget deficit and a worsening balance of payments shortfall.

Mr De Mel noted that in March, the Cabinet directed ministries to keep expenditure down to 90 per cent of the amount voted for calendar 1981 and development projects were scaled back or delayed.

"Budget expenditure is now running at slightly less than last year and if this is maintained in the next five months we will be just on target," he said.

He said the balance of payments position will look better this year than last year, partly because of improved receipts from workers overseas and growing income from tourism.

Mr De Mel said inflation, which rose to an annual rate of 35 per cent at one point last year, is now down to about 18.5 per cent and unemployment, although not easily statistically quantifiable, is thought to have fallen to about 500,000 from about 1.5 million or 20 per cent of the workforce when the government came to power in 1977.

He said he hoped there would now be no problem about further releases of IMF tranches.

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COMMUNAL VIOLENCE HAS POLITICAL, RACIAL MOTIVES

Kuala Lumpur NEW STRAITS TIMES in English 19 Aug 81 p 12

[Article by Philip Coorey]

[Excerpts]

TO many Sri Lankans, a State of Emergency has become a way of life. Mrs. Bandaranaike used it extensively during her Premiership, and so did Mr. Dudley Senanayake, previously.

The present government, very much aware of its foreign image and conscious of its liberal economic policies to attract foreign investors, has tried to avoid it as much as possible, but without much success during the last couple of months, when an Emergency had to be promulgated twice.

Sri Lanka suffered another round of violence last night — part of the racial troubles which have wracked the island during the last two weeks.

The point of immediate origin was the attack on a police station in the northern province of Jaffna on July 28, when two policemen were killed, and several firearms and thousands of rounds of ammunition stolen. This brought the death toll of policemen in the north to over 20 during the last three years.

The self-styled Liberation Tigers, the militant extremists of the Tamil United Liberation Front (TULF), have been blamed. But last Wednesday the violence achieved a different dimension, with political overtones, when bombs and missiles were thrown at a meeting attended by former Prime Minister, Mrs. Sirima Bandaranaike.

Her Freedom Party supporters have labelled the attack as an attempted assassination of their leader, who became the world's first woman Prime Minister in 1960.

The confusion has been further compounded by the latest news — a statement by the Minister of State for Information and Broadcasting, Anandatissa de Alwis, that a "foreign hand" behind the communal violence has been identified.

Although the Minister did not identify the country by name, there are two related factors which can shed some light on the situation:

First, the extremist speeches by some Tamil Nadu politicians who have appealed to Mrs. Gandhi to intervene on behalf of the Sri Lanka Tamils, and second, the planned exodus recently of over two thousand Tamil youths who flew from Sri Lanka to Moscow, and then to East Berlin. They then crossed over to West Berlin where political asylum was sought.

This was a well-orchestrated attempt to publicise the "plight" of the Tamils in Sri Lanka, and received adequate coverage in the world press.

Political observers believe that such an attempt could not have been organised by the Tigers, nor by the TULF without "foreign help."

The political factor in the violence goes back a couple of years when the Freedom Party of Mrs. Bandaranaike, after its rout at the 1977 general election, attempted to reorganise itself.

The party leadership split down the line on the strategy to be adopted, with the deputy leader of the party, Mr. Maitripala Senanayake, and Mrs. Bandaranaike's own son, Anura, opposing her.

In this context the political violence assumes a different dimension, hardly racial, particularly in view of the fact that two persons arrested in connection with the attempt on Mrs. Bandaranaike's life, have confessed that they were members of the People's Liberation Front, a Marxist-oriented political group outlawed by Mrs. Bandaranaike herself when she was in power, shortly after the 1971 insurgency.

With the outbreak of that insurgency Mrs. Bandaranaike sent the entire North Korean mission packing, and suspended diplomatic relations.

Politics became inextricably interwoven with racial problems in June this year when elections were held in each of Sri Lanka's provinces for District Development Councils which sought to decentralise the administration, so that the Tamils in the North and the East would have a greater say in the administration of their own areas.

Mrs. Bandaranaike's Freedom Party, after a great deal of soul-searching, split again on the issue — and finally decided to boycott the elections.

She herself congratulated the TULF on defeating the ruling United National Party at these elections. Thus did the Freedom Party and the TULF become uneasy partners in the opposition to the Government.

President Jayewardene has strongly condemned the rioters as "animals". He called out the armed forces to help the police maintain law and order — particularly as the police themselves were accused of turning a blind eye to the attacks on the Tamils, in retaliation for the spate of cop-killing in the North.

From 1958, racial violence in Sri Lanka has erupted sporadically, fuelled at times by politicians who incite one race against the other. This atmosphere of tension increased sharply with the TULF demand for a separate State.

So long as the TULF continues with this demand, and so long as the well-organised Liberation Tigers insist on violence as the only way out for them, Sri Lanka will continue to enjoy only a fragile peace.

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